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SAN FRANCISCO PORT COMMISSION

Kimberly Brandon, President
Rodney Fong, Vice President
Michael Hardeman, Commissioner
Ann Lazarus, Commissioner
Stephanie Shakofsky, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

AGENDA
TUESDAY, MAY 13, 2008
2:00 P.M. EXECUTIVE SESSION
3:15 P.M. OPEN SESSION
PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

5/08

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

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MAY 09 2008
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1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** - April 22, 2008

3. **PUBLIC COMMENT ON EXECUTIVE SESSION**

4. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

      (1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

         a. Property: Piers 27-31 and Piers 30-32
         Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
         *SF Piers LLC: Richard Fried

         Under Negotiation: _____ Price _____Terms of Payment X Both

A05132008

An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 27-31 and Piers 30-32.

b. Property: Piers 15/17
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Exploratorium: Dennis Bartels

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 15-17.

c. Property: Pier ½
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Equity Office Partners: Harout Hagopian

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier ½.

d. Property: Pier 80
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*PortsAmerica (formerly known as Marine Terminals Corp.): Don Wylie

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 80.

5. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

A. Executive Director's Report
- Bay Area Council's Trip to Washington, D.C. – April 28-30, 2008
- Chamber of Commerce City Trip to Los Angeles & Long Beach – May 7-9, 2008
- KFOG Kaboom – May 10, 2008 at Pier 30-32
- SPUR City Trip to Toronto, Canada – May 7-11, 2008
- Ride the Bay Bike Event – May 17, 2008
- Bay Planning Coalition 25th Anniversary (1983-2008)
- Commendation for Steven Castleberry, Executive Director, Water Emergency Transportation Authority

8. CONSENT

A. Request authorization to retroactively execute a contract modification to the Pier 35 Improvement Project, Contract 2712 with D.F.P.F. Corporation dba Fine Line Construction, to extend the contract substantial completion date by an additional 11 days to April 7, 2008. (Resolution No. 08-27)

B. Request authorization to increase as-needed consulting services for the Pier 45 Drainage Improvements Project by an amount not to exceed $50,000, thereby resulting in a cumulative total of $250,586 for all as-needed professional services for this project. (Resolution No. 08-28)

C. Request authorization to apply for, accept and expend $2,280,000 in grant funds from the United States Department of Commerce, Economic Development Administration for environmental investigation and remediation of Pier 70. (Resolution No. 08-29)

D. Request approval to issue a Request for Proposals for brownfields site investigation within the Pier 70 Master Plan Area, located east of Illinois Street between Mariposa and 22nd Streets. (Resolution No. 08-30)

9. ENGINEERING

A. Informational Presentation on the Draft Stormwater Design Guidelines for New Development and Redevelopment in San Francisco.

B. Informational Presentation on Pier ½ (Ferry Building Parking) Condition, Pending September 15, 2008 Closure and Alternative Parking Options (Embarcadero and Washington).

C. Request authorization for a contract modification to the Illinois Street Intermodal Bridge South Approach Contract No. 2709 with Stacy and Witbeck, Inc., to increase the contract amount by $74,368 to a total of $4,966,242. (Resolution No. 08-31)

10. REAL ESTATE

A. Informational Presentation Regarding Options for a Request for Proposals for a Concrete and/or Asphalt Batching Plant at Seawall Lot 352 with a Bulk Maritime Terminal at Pier 94.

B. Request approval of a Memorandum of Understanding (MOU No. M-14549) between the Port of San Francisco and the City Department of Public Health for the use of Pier 48, Sheds A and C, with a waiver of all fees for Project Homeless Connect events on June 5-6, 2008 and December 1-4, 2008. (Resolution No. 08-32)

11. FINANCE & ADMINISTRATION

A. Request approval of the Memorandum of Understanding between the Port of San Francisco and the Municipal Transportation Agency (SFMTA) to purchase and install multi-space meters on Port property, maintain the multi-space meters, and collect and count the coins from the Port's multi-space meters. (Resolution No. 08-33)

B. Request authorization to amend the Port's Contract with the San Francisco Conservation Corps (SFCC) to increase the contract by $50,000 and to extend the expiration date by three months to September 30, 2008. (Resolution No. 08-34)

12. NEW BUSINESS / AGENDA SETTING

- New Business
- Agenda Setting (Targeted Commission meeting, subject to change)
  - Informational presentation of the design for the Taylor Street Roadway Improvement Project (May 27, 2008)
  - Informational Presentation on SWL 351 Development Criteria (The Embarcadero at Washington Street) (May 27, 2008)
  - Informational presentation regarding Fiscal Year 2008-09 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates (May 27, 2008)
  - Informational presentation regarding a Memorandum of Understanding No. M-14534 between the Port and the San Francisco Public Utilities Commission for a Solar Power installation on the Lighter Freight Facility at Pier 96 (May 27, 2008)
  - Request authorization to advertise for Invitation for Proposals for the Demolition and Disposal of Port's Drydock No. 1 (May 27, 2008)
  - Request adoption of Findings under the California Environmental Quality Act; Approval of Memorandum of Understanding (MOU) with Public Utilities Commission (PUC) for jurisdictional transfer of 4 acres of Seawall Lot 356 (located at 26th and Maryland Streets) from the Port to the PUC; Approval of MOU with the PUC for underground utilities and Approval of License with Industrial Construction Company, Inc. for construction laydown space at Seawall Lot 356 for parameter rent (May 27, 2008)

- Request authorization to retroactively execute a contract modification to the Pier 52/54 Boat Launch, Contract 2713 with Dutra Construction Co., Inc., to extend the substantial completion date by an additional 117 days to May 30, 2008 (May 27, 2008)
- Request approval to execute Eighth Amendment to the Amended and Restated Exclusive Negotiation Agreement with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project and for Piers 30/32, Extending the Term and Amending the Benchmarks (Site Locations: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets; Piers 30/32 on The Embarcadero at Brannan Street) (May 27, 2008)
- Informational presentation regarding the floodplain management restrictions associated with National Flood Insurance Program (June 10, 2008)
- Request authorization to advertise for competitive bids for the construction of the Pier 45 Drainage Improvement Project (June 10, 2008)
- Request approval of the design for the Taylor Street Roadway Improvement Project (June 10, 2008)
- Request approval of a Memorandum of Understanding (MOU) with the Real Estate Division of the General Services Agency for real estate leasing services for a two-year term (June 10, 2008)
- Request approval of a Memorandum of Understanding No. M-14534 between the Port and the San Francisco Public Utilities Commission for a Solar Power Plant installation on the Lighter Freight Facility at Pier 96 (June 10, 2008)
- Request approval of Fiscal Year 2008-09 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates (June 10, 2008)
- Request approval of the Port's Revised Annual Operating and Capital Budgets for Fiscal Year 2008-09 (July 8, 2008)
- Update on Port response to the Controller's Audit of the Port's Purchasing and Inventory Systems (September 2008)
- Request approval of Second Amendment to Lease No. L-12938 between the Port and Pacific Marine Yacht Charters for premises located at Pier 9 (Date to be determined)
- Request authorization to issue Request for Proposals for Seawall Lot 351 (Embarcadero at Washington) (Date to be determined)
- Request approval of an amendment to the Settlement Agreement between PG&E and the City and County of San Francisco, dated June 14, 2005, regarding a claim of encroachment by the PG&E Hunter's Point Power Plant on Port property, to agree to a month-to-month extension of the agreement and to clarify the rental payment procedures, including the annual adjustment of rent (Date to be determined)

13. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be

submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

14. COMMUNICATIONS

Communications to the Port Commission from April 18, 2008 to May 9, 2008:

- From Port staff, copy of an article from *Bloomberg News* regarding SWL Lot 337
- From Sherry Williams, Treasure Island Homeless Development Initiative, regarding SWL Lot 337
- From Livable City, SF Bicycle Coalition, SF League of Conservation Voters, SF Tomorrow, Sierra Club and Walk SF, regarding SWL Lot 337
- From Douglas Ross, Palisade Builders, regarding SWL Lot 337
- From Thomas Darden, CEO of Cherokee Investment Partners, regarding SWL Lot 337
- From Larry Harper, Good Tidings Foundation, regarding SWL 337
- From Port staff, copy of a letter to Assemblymember Anna Marie Caballero, regarding AB 2646, measure to finance San Francisco Bay shoreline improvements within the Port of San Francisco's jurisdiction
- From Dave Hunt, Executive Director of the Association of Pacific Ports, invitation to the "Developing Green Ports: Protecting Air, Water, Land and Transportation" Seminar on May 14, 2008 at Portland International Airport
- From Janet Griggs, CUESA President of the Board of Directors, regarding SWL 351

15. ADJOURNMENT

MAY/JUNE 2008

CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
May 27	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
June 10	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562 or jay.ach@sfport.com

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jennifer Sobol @ 274-0548 or jennifer.sobol@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Pacz @ 705-8674 or mark.pacz@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets regularly on the third Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the third Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

ACCESSIBLE MEETING INFORMATION

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets.
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

May 6, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Authorization to retroactively execute a contract modification to Contract No. 2712, the Pier 35 Improvements Project, with D.F.P.F. Corporation dba Fine Line Construction to extend the Contract substantial completion date by an additional 11 days to April 7, 2008.

DIRECTOR'S RECOMMENDATION: APPROVE ATTACHED RESOLUTION

Introduction

Port staff request Commission authorization to retroactively execute a contract modification to Contract 2712, the Pier 35 Improvements Project, with D.F.P.F. Corporation dba Fine Line Construction ("Contractor") to extend the Contract substantial completion date by an additional 11 days from March 27, 2008, to April 7, 2008 to account for additional work.

Background

The Pier 35 Improvements Project consists of façade repair at the pier's historic bulkhead, restroom renovations and railing repairs. The Port Commission, at its meeting on January 15, 2008, authorized Port staff to execute a contract modification for the Pier 35 Improvements Project with D.F.P.F Corporation dba Fine Line Construction to increase the contract amount by $583,450, and to extend the Contract substantial completion date by an additional 10 days to repair unforeseen dry rot damage to structural wood framing and the increased stucco removal and replacement; and other unforeseen conditions (Port Commission Resolution no. 08-01). The Port Commission also authorized Port Staff to add a 20% contingency of $116,690 for additional unanticipated conditions.

As stated in the Status Report to the Port Commission dated February 4, 2008, negotiations between Port staff and the Contractor were still in progress at that time a contract time extension

This Print Covers Calendar Item No. 8A

was being considered. As a result of final negotiations with the Contractor, Port staff recommends an extension of substantial completion of 11 days, in addition to the 10 days requested in the previous contract modification. A total time extension of 21 additional days is warranted due to unavoidable delays caused by the additional work.

The Contractor partnered with the Port to expedite the completion of this project by adding extra resources. Due to the Contractor's effort, the project achieved substantial completion concurrent with the start of the 2008 cruise season on April 5, 2008. With the 2008 cruise season underway, the available work days to perform the final punch list work is impacted. The anticipated date of final completion is May 12, 2008.

Schedule

The following is the revised schedule for this project:

Commission Authorization to Award	July 17, 2007
Issuance of Notice to Proceed	September 10, 2007
Original Construction Substantial Completion	March 17, 2008
Contract Substantial Completion Date (as revised in Resolution 08-01)	March 27, 2008
Revised Contract Substantial Completion Date	April 7, 2008
Anticipated Final Completion	May 12, 2008

Funding

Original Budget (including a 10% contingency):	$1,548,246
Additional funding authorized in Resolution 08-01 (including a 20% contingency):	$700,140
Total authorized Funding	$2,248,386
Estimated Expenses (including Change Orders)	$2,208,481
Estimated Remaining Contingency Funds	$39,905

The additional funding authorized in Resolution 08-01 was primarily funded by the Pier Structure Repair Project, Phase II Fund (CPO 778). The remaining funds will be returned to the Pier Structure Repair Project, Phase II Fund (CPO 778).

Summary

Port staff request Commission authorization to execute a contract modification to Contract No. 2712, the Pier 35 Improvements Project, to extend the substantial completion date by an additional 11 days in addition to the 10 days requested in the previous contract modification for a total of 21 additional days. This proposed contract modification will extend the existing substantial completion date from March 27, 2008, to April 7, 2008. Final completion is anticipated on May 12, 2008. Staff also recommend that the Port Commission authorize the Executive Director to accept the work.

Prepared by: Wendy Proctor, Project Manager
For: Edward F. Byrne, Chief Harbor Engineer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-27

WHEREAS, The design and construction of the Pier 35 Improvements Project is substantially complete pursuant to Port Contract No. 2712 with D.F.P.F. Corporation dba Fine Line Construction ("Contractor"); and

WHEREAS, The Contractor discovered unforeseen structural dry rot damage during the construction phase, and Port staff determined that it was appropriate to complete the additional work under a contract modification as previously authorized by Resolution 08-01 under Contract No. 2712; and

WHEREAS, pursuant to Commission Resolution 08-01, the Port extended the substantial completion date by 10 days to account for the unavoidable delays caused by the unforeseen dry rot damage encountered during construction; and

WHEREAS, At the time Resolution 08-01 was authorized, negotiations between Port staff and the Contractor were in progress; and

WHEREAS, As reported in the Status Report to the Port Commission dated February 4, 2008, and as a result of final negotiations with the Contractor, Port staff recommends a further time extension of 11 days, in addition to the 10 days previously authorized in Resolution 08-01, for a total of 21 days to extend the substantial completion date from March 27, 2008, to April 7, 2008 due to unavoidable delays caused by the additional work, with final completion on May 12, 2008, now therefore be it

RESOLVED, That the San Francisco Port Commission hereby authorizes Port staff to execute a contract modification to Contract No. 2712, Pier 35 Improvements Project, to retroactively extend the substantial completion date by an additional 11 days; and be it further

RESOLVED, That the Port Commission authorizes the Executive Director to accept the work.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 13, 2008.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

May 7, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique A. Moyer
Executive Director

SUBJECT: Request authorization to increase as-needed consulting services contracts for the Pier 45 Drainage Improvements Project by an amount not to exceed $50,000.00, thereby resulting in a cumulative total of $250,586 for all professional as-needed services for this project

DIRECTOR'S RECOMMENDATION: APPROVE THE ATTACHED RESOLUTION

INTRODUCTION

The purpose of this report is to comply with contracting requirements in Section 6.64 of the San Francisco Administrative Code and Port Commission Resolution 06-27 pertaining to issuance of Contract Service Orders (CSOs) for As-Needed professional services contracts (referred to in this report as "as-needed professional services"). Section 6.64 of the San Francisco Administrative Code establishes a $200,000 cap on the amount of cumulative contract service orders that may be issued under as-needed professional service contracts for any single public works project. This requirement may be waived under the following circumstances:

"A department may issue or modify any contract service order(s) to exceed the foregoing limits only upon the department head's written determination establishing the urgency of the work and the justification for proceeding under this Section 6.64 rather than by formal competitive process."

On April 11, 2006 the Port Commission passed Resolution No. 06-27, which incorporates language from Section 6.64 of the San Francisco Administrative Code and further requires that any increase beyond the $200,000 cap on cumulative contract service orders must be brought before the Port Commission for approval. Pursuant to these requirements, staff request the Port Commission to

THIS PRINT COVERS CALENDAR ITEM NO. 8B

authorize an additional $50,000 for the Pier 45 Drainage Improvements Project design and construction management services.

BACKGROUND

The proposed Pier 45 Drainage Improvements Project involves installation of a pumping manifold that would allow herring boats moored along the west end of Pier 45 to tie-in and discharge herring gurry to an existing sanitary sewer pump station located between the two Pier 45 fish processing sheds. In addition, a new storm water collection system would be installed along the north deck of Pier 45 to direct all storm water runoff from this area to the City's sewer system. The project includes upgrades to the existing sanitary sewer pump station at Pier 45 necessary to create capacity for additional discharge. The proposed improvements will reduce bacterial loadings in the vicinity of Aquatic Park and provide for overall water quality improvement in support of recreational use at this location. All direct costs for the project will be paid from a $1.8 million grant awarded to the Port in June 2007 by the California State Water Resources Control Board through the California Watershed, Clean Beaches and Water Quality Act of 2002 ("Clean Beaches Initiative"). The Port Commission voted to accept and expend this grant by Resolution 06-78 at its November 14, 2006 meeting.

To date, as-needed professional services contracts have provided the following design services for the Pier 45 Drainage Improvements Project:

(1)	Conceptual Design Study by Weiss Associates		$ 67,688
(2)	Project Manual and Design Drawings by Creegan and D'Angelo		$132,898
		Total	$200,586

An additional $25,000 in as-needed consulting services is needed to perform soil investigations subject to Article 22A of the San Francisco Health Code (commmonly referred to as the Maher Ordinance). Soil investigations will determine whether soils at the project site contain hazardous constituents, and will determine construction worker health and safety protocols, procedures for the protection of public safety during construction, and appropriate locations for disposal of any soil stockpiles remaining after completion of utility trenching activities. Port staff also require an additional $25,000 in as-needed consulting services for support during construction, including technical review of construction contractor submittals, specialized inspections, and assistance in preparing construction-related grant reports.

The project deadline to expend the project's grant funds is February 2009. To preserve the project schedule and provide the required project inspections and quality reviews, the Port Executive Director has determined there is justification and urgency to increase the contract service orders for this project's as-needed professional services by an amouint not to exceed $50,000. The Maher investigation study will be competitively bid within the Port's pool of environmental as-needed consultants. Construction support services will likely be apportioned between Creegan and D'Angelo and consultants selected through the Port's construction as-needed services contract.

The proposed budget for all the as-needed consulting services for this project is summarized in the following table:

Task	Consultant	Cost
Conceptual Design Study	Weiss Associates	$ 67,688
Project Manual/Design Drawings	Creegan and D'Angelo	$132,898
Maher Study	To Be Bid	$ 25,000
Additional Construction Support Services	To Be Assigned	$ 25,000
Total As-Needed Consultant Services		$250,586

The engineer's estimate for this Project is $1,500,000. The total cost for professional services for this Project is $250,586, or 16.7% of the estimated construction cost. The Chief Harbor Engineer has determined that these design and quality control costs are reasonable for this type of construction Project.

FUNDING

The California State Water Resources Control Board provided a grant in the amount of $1,800,000 to fund design and construction of the Pier 45 Drainage Improvements Project. These funds are administered though Port Capital Project CPO153. To date, $200,586 has been encumbered for design of the Project. Upon approval of this increase inconsulting services, an additional $50,000 will be encumbered to complete design of the project. The project will be bid for construction in July 2008, with a Notice to Proceed anticipated on or around September 15, 2008. Construction will be substantially complete in January 2009.

RECOMMENDATION

Staff recommends that the Port Commission adopt the attached resolution authorizing staff to exceed the $200,000 limit for contract service orders issued under as-needed environmental, architectural and engineering service contracts for the Pier 45 Drainage Improvements Project. Specifically, Port staff seeks Port Commission authorization to increase the cumulative amount of Contract Service Orders to Creegan and D'Angelo and other as yet to be determined environmental and construction services consultants, from $200,000 to $250,586.

Prepared by: John Mundy, Utility Specialist
Port Engineering Division
Norma Nelson, Principal Administrative Analyst
Port Finance and Administration Division

For: Ed Byrne, Chief Harbor Engineer
Port Engineering Division
Tina Olson, Deputy Director
Port Finance and Administration Division

CC: Clerk, Board of Supervisors
Local 21, IFTPE Representative Michael Seville
Department of Public Works, Nelson Wong

PORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08- 28

WHEREAS, San Francisco Administrative Code Section 6.64, relating to the use of as-needed contracts for construction-related professional services, states that: "No contract service order or multiple contract service orders for any single public work, whether in one phase or multiple phases, shall cumulatively exceed $200,000"; and

WHEREAS, San Francisco Administrative Code Section 6.64 allows a department to issue or modify contract service order(s) to exceed the foregoing $200,000 limit only upon the department head's written determination establishing the urgency of the work and the justification for proceeding with the use of as-needed contracts rather than by formal competitive process; and

WHEREAS, The Port Executive Director, as indicated in the staff report accompanying this resolution, has determined the urgency of this project, and the need to exceed the $200,000 limit on contract service order for as-needed professional consulting services for the Pier 45 Drainage Improvements Project (the "Project"); and

WHEREAS, The Port Executive Director finds ample justification and urgency to increase the contract service order for as-needed professional consulting services to $250,586 for the Project, rather than seeking competitive bids, as indicated in the accompanying staff memorandum; now, therefore be it

RESOLVED, That the San Francisco Port Commission hereby authorizes staff to increase the total Contract Service Orders for as-needed consulting services for the Project by an additional $50,000, thereby resulting in a cumulative total of $250,586 for all as-needed professional services for this Project.

I hereby authorize that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of May 13, 2008.

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Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

May 6, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Authorization to apply for, accept and expend $2,280,000 in grant funds from the United States Department of Commerce, Economic Development Administration for environmental investigation and remediation of Pier 70.

DIRECTOR'S RECOMMENDATION: APPROVE ATTACHED RESOLUTION

All information contained in this staff report was reviewed by the Port Commission on April 22, 2008, when staff presented an information item on the Port's Pier 70 environmental investigation efforts.

Funding Overview

From the turn of the century to the mid-1960s, significant portions of Pier 70 were occupied and used by the U.S. Navy and Navy contractors for building and repairing naval ships. The State of California acquired the property from the Navy in 1967, subsequently transferring it to the City and County of San Francisco along with the rest of the Port (excluding certain privately-owned parcels) in 1968. Beginning in January 2007, the City of San Francisco, led by Mayor Gavin Newsom's Office, requested funding from the DOD Office of Economic Adjustment (OEA) to address environmental contamination and other rehabilitation needs at former DOD facilities in San Francisco. Working through Mayor Newsom's Office, Port staff submitted a funding proposal for environmental investigation and remediation of hazardous materials at Pier 70. As a result of that effort, the FY2008 DOD appropriations bill included $2.4 million for environmental investigation and remediation at Pier 70. The United States Department of Commerce, Economic Development Administration (EDA) was chosen to administer these funds through a grant process, allowing 5% in administration costs to EDA, resulting in a net $2,280,000 available in grant funding.

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The total funding for the proposed project will be $2,533,400, of which $253,400 will come from the Port (the grant requires a 10% match from non-federal sources) and $2,280,000 (equal to 95% of federal appropriation and 90% of the total project cost) in grant funds from EDA. Port staff is exploring with EDA the possibility of using staff time as in-kind services to meet the matching requirement. If EDA ultimately does not allow this, or the value of in-kind services is less than the total $253,400 match required, then the Port will use some or all of the $330,000 currently included in the FY 2007/08 operating budget for environmental investigation at Pier 70 to provide the required matching funds.

The Project

With funding through the EDA, the Port proposes to undertake the following work, which was described further in the informational report presented to the Port Commission on April 22, 2008:

- Brownfields site investigation throughout Pier 70, including risk assessment and feasibility study
- Identification of hazardous building materials (i.e. asbestos, lead-based paint)
- Removal or abatement of hazardous building materials
- Public outreach
- Payment of fees to the lead regulatory agency with which the Port will have a voluntary oversight agreement

Advancement of the Pier 70 Master Plan

The lack of understanding about the contaminants and the potential cost to either clean up or remediate remains a significant impediment to implementation of the Master Plan. The proposed investigation will help to inform the Master Plan on appropriate land use, design and construction methods, development cost, and potential future remediation or mitigation options, and in doing so, remove a significant barrier to development at Pier 70.

Port Commission Action

Port staff seek Commission authorization for the Executive Director to apply for, accept, and expend grand funds from EDA for environmental investigation and remediation at Pier 70.

Prepared by: Daley Dunham, Principal Administrative Analyst
Finance & Administration Division

Carol Bach, Environmental and Regulatory Affairs Manager
Planning & Development Division

PORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-29

WHEREAS, Since early 2007, the Port has been conducting a public planning process to produce a Preferred Master Plan for Pier 70, where the objective of the Master Plan is to rehabilitate and reuse significant historic structures while integrating new development, shoreline open space and public amenities at Pier 70; and

WHEREAS, An essential part of the master planning process is developing a comprehensive understanding of the environmental conditions at Pier 70 and their impact on future development; and

WHEREAS, The United States Navy and its contractors maintained industrial ship building and repair operations at Pier 70 for over 60 years, making the US Navy a potentially responsible party to any environmental contamination at the site; and

WHEREAS, In 2007, Port and Mayoral legislative staff worked with congressional representatives to secure a $2.4 million appropriation from the FY2008 Department of Defense budget for environmental investigation at Pier 70, to be administered through the Department of Commerce, Economic Development Administration's (EDA) grant process; and

WHEREAS, Port staff are working with EDA to craft an application and negotiate a grant agreement for the approximately $2.28 million to be passed through EDA to the Port; now, therefore, be it

RESOLVED, That the Port Commission hereby authorizes Port staff to apply for, accept and expend the approximately $2.28 million in grant funds from EDA for environmental investigation and remediation work at Pier 70, as further described in the staff report; and be it further

RESOLVED, That the Port Commission hereby authorizes the Executive Director or her designee to execute any documents necessary for the purpose of obtaining and expending these grant funds, including any extensions, augmentations or amendments thereto; and be it further

RESOLVED, That the Port Commission hereby authorizes the Executive Director to seek Board of Supervisors approval to accept and expend this grant.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 13, 2008.

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Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

May 6, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval to issue a Request for Proposals for brownfields site investigation within the Pier 70 Master Plan Area, located east of Illinois Street between Mariposa and 22nd Streets

DIRECTOR'S RECOMMENDATION: ADOPT ATTACHED RESOLUTION

Introduction

Pier 70 is a 65-acre site located east of Illinois Street between Mariposa Street and 22nd Street (*see Exhibit A, Pier 70 Master Plan Area*). It is distinguished by its long history of maritime and military industry, which supported the development of San Francisco and our nation's WWI and WWII efforts. Pier 70 includes a unique assemblage of historic buildings, constructed between the 1850s and 1920s, and has been recognized as an historic district that is eligible for listing on the National Register of Historic Places.

Since early 2007, the Port has been conducting a public planning process to produce a Preferred Master Plan for Pier 70. The objective of the Master Plan is to rehabilitate and adaptively reuse significant historic structures and integrate new development, shoreline open space and public amenities, while conducting environmental remediation where required and preserving ongoing ship repair operations.

An essential part of the master planning process is developing a comprehensive understanding of the environmental conditions at Pier 70 and their impact on development feasibility and cost. The environmental investigations completed to date are described in Port staff's April 17, 2008 informational report to the Commission, presented on April 22, 2008.

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In 2007 the Port and Mayor Gavin Newsom's Office worked with federal legislators to request funding from the Department of Defense (DOD) for environmental investigation and cleanup at Pier 70. In late 2007, the DOD's FY2008 budget was adopted, including $2.4 million for environmental investigation and cleanup at Pier 70. Port staff has since been working with the Department of Commerce, Economic Development Administration (EDA), which will administer the grant to the Port, to initiate the grant agreement process and develop the scope of work. The work to be funded through EDA, described further in the informational report presented to the Port Commission on April 22, 2008, includes:

- Brownfields site investigation throughout Pier 70, including risk assessment and feasibility study.
- Identification of hazardous building materials (i.e. asbestos, lead-based paint)
- Removal or abatement of hazardous building materials.
- Public outreach.
- Payment of fees to the lead regulatory agency with which the Port will have a voluntary oversight agreement.

With this staff report and resolution, staff now requests only the Port Commission's authorization to issue a Request for Proposals (RFP) for an environmental consulting firm (or team of firms) to conduct the first of the above-listed tasks: brownfields investigation of the Master Plan Area, including soil, soil vapor, and groundwater sampling and analysis, risk assessment, and feasibility study. Staff intends to contract separately for hazardous building materials inventories and hazardous building materials abatement, and will bring new informational updates and/or requests for authorization to solicit proposals as we prepare to undertake those portions of the work. Staff may also seek to enter into a small contract for specialized public outreach assistance to the extent needed to comply with lead regulatory agency requirements.

Scope of Services

The RFP for consultant services to conduct the brownfields investigation at Pier 70 would likely be lead by an environmental consulting firm, with supporting consultants/contractors for geophysical surveying, drilling, laboratory analysis, and other specialized services. The following are anticipated tasks of the consultant team (Consultant):

1) **Develop *Brownfields Site Investigation Workplan***
   The Consultant will work with Port staff to review existing information and develop a detailed site-specific workplan describing the proposed investigation of soil, soil vapor, and groundwater beneath Pier 70. The workplan will include a summary of background information, proposed sampling locations and analyses, rationale for selection of locations and analyses, and description of field activities. To the extent feasible, the workplan may include collection of soil samples to be analyzed for geotechnical properties. The workplan will be reviewed and revised as needed to secure regulatory agency approval of the proposed investigation.

2) **Execute Investigation**
   The Consultant will implement the workplan, including securing all clearances and approvals needed to conduct the site investigation from entities other than the Port (e.g. utility clearance, well/soil boring permit from DPH – Water Quality section). Successful

execution of the field work will require extensive coordination with Port staff and tenants to ensure efficiency and minimize disturbance to existing operations.

3) **Complete Site-Specific Risk Assessment**
The Consultant will complete a human health and ecological risk assessment using data from previous investigations as well as data from the current investigation. The risk assessment will identify applicable exposure pathways and evaluate the potential risks associated with anticipated land use. The primary goal of this risk assessment is to identify potential risks, and resultant development or use constraints.

4) **Prepare *Brownfields Site Investigation and Risk Assessment Report***
The Consultant will prepare a preliminary draft report for Port and other internal review, a draft for regulatory agency and public review and comment, and a final report, revised as-needed to address comments to the satisfaction of the Port and lead oversight agency. The final report will include general recommendations regarding the need for remediation and/or development and implementation of risk management measures, to be developed in detail in a subsequent task. Deliverables will include electronic files of new and previously collected data.

5) **Develop Feasibility Study and/or Risk Management Plan**
Depending on the nature and extent of contamination, conditions may warrant significant remediation, or may be appropriately managed in place through implementation of construction, management, and maintenance measures to mitigate potential risks associated with contaminants at the site. Remediation may range from removal of "hot spots" and subsequent implementation of risk management measures, to design, installation and ongoing operation of an active remediation system, such as groundwater and/or vapor extraction and treatment. Under this task, the Consultant will evaluate remediation and/or site management alternatives with respect to effectiveness in achieving cleanup goals, consistency with development objectives, cost, and duration. As warranted, based on the findings and recommendations of the investigation and risk assessment and incorporation of regulatory agency and public comment, the Consultant will prepare a Feasibility Study of potential remedial actions and/or a Risk Management Plan for management of residual contamination on-site prior to, during, and after development. The Feasibility Study will include cost estimates for at least three remedial alternatives.

6) **Project and Public Meetings**
The Port is actively engaged in public outreach regarding its efforts to plan for historic preservation and redevelopment at Pier 70, including regular meetings with its Central Waterfront Advisory Group and additional public meetings dedicated to the Pier 70 Master Plan. The Consultant, through coordination with Port staff, will present its investigation workplan, subsequent findings, and solicit public input through the Port's existing public outreach forums. The Consultant will not be expected to arrange or lead public meetings. In addition to the task-specific, public, and agency meetings, the Consultant's task manager for this project will participate in regular progress meetings with Port staff throughout the duration of the project. Additional meetings may be required depending on agency and public response and the need to interact with the master planning consultant team. The Port may also request the Consultant to develop and deliver graphics, fact sheets, or other materials to support presentations and other public outreach efforts.

Selection Process

Port staff propose to procure the above services through its standard process for procurement of professional services, except for compliance with the City's Local Business Enterprise program as described below. Port staff will convene a qualified selection panel to evaluate proposals and score the most qualified firm meeting the RFP requirements. The final recommendation to select a Consultant will be based upon a combination of the proposal and interview scores. The process will be facilitated and monitored by the Port's Contract Manager. The EDA will also review the Port's RFP and documentation of its selection process to ensure that they conform to applicable federal regulations and/or conditions of the grant agreement and the expenditures for this scope of services will be eligible for reimbursement.

Local Business Enterprise (LBE) Participation

All of the funds, both EDA grant funds and the Port's matching funds, are subject to federal contracting requirements. Consequently, the Port's contracts for the work at Pier 70 cannot apply preferences or subcontracting goals based on location, which prohibits compliance with the City's Local Business Enterprise ordinance. In compliance with federal contracting regulations, the Port is required to take certain measures to encourage participation by small, minority-owned or woman-owned businesses, including identifying and soliciting such firms, breaking the work down into smaller contracts and setting schedules to enable small firms to pursue contracting opportunities, working with certain federal agencies (i.e. Small Business Administration, Minority Business Development Agency) and requiring prime contractors to take the same measures when subcontracting.

Project Cost and Funding

The total consultant contract cost for the work described in the "Scope of Services" above is estimated at $500,000 - $750,000. The RFP will be structured to solicit lump sum costs for certain components of the scope of services where the effort can be more predictably quantified, and unit costs for other components that are more likely to vary during the course of the work.

The EDA requires 5% of the total appropriation to cover its administration costs, and 10% of the total project cost to be provided as matching funds from non-federal sources. The total funding available for the project will be $2,533,400, of which $253,400 will come from the Port and $2,280,000 will come from EDA. The $253,400 matching funds from the Port may be contracted services and/or Port staff's services to implement the scope of work. The Port's FY 2007/08 operating budget includes $330,000 for environmental investigation at Pier 70, a portion of which may be used as all or some of the required matching funds.

Schedule

On April 7, 2008, Port staff received Civil Service Commission approval to contract out these services. Port staff intends to advertise the RFP by the end of May, select a recommended consultant by the end of August, and return to the Port Commission to request authorization to award a contract in September 2008. Environmental review in compliance with the California Environmental Quality Act will be completed prior to requesting the Port Commission's

authorization to award the contract. The schedule may be subject to change as needed based on EDA's review of certain tasks, including the RFP and selection of a recommended Consultant.

Recommendation

Port Staff recommends that the Port Commission adopt the attached resolution, authorizing Port staff to issue a Request for Proposals for brownfields site investigation of the Pier 70 Master Plan Area.

Prepared by: Carol Bach, Environmental & Regulatory Affairs Manager,
Planning & Development Division

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-30

WHEREAS, The Port is engaged in a community planning process to develop a Preferred Master Plan for Pier 70 and inform potential development; and

WHEREAS, Pier 70 has been occupied for over 150 years by industry, including the United States Navy, for metal fabrication, ship building and repair, and similar maritime industry, which pose a significant potential for contamination of soil and groundwater; and

WHEREAS, Thorough understanding of environmental contamination at Pier 70 is an important component of the Master Plan and essential to a viable development opportunity; and

WHEREAS, The Port, working with Mayor Gavin Newsom's Office, secured a federal appropriation of $2.4 million from the FY2008 Department of Defense budget for environmental investigation and remediation at Pier 70, of which $2.28 will be granted to the Port through the Economic Development Administration to the Port; and

WHEREAS, On April 22, 2008, the Port Commission heard an informational presentation regarding the background, federal funding, and proposed brownfields site investigation at Pier 70; and

WHEREAS, The scope of work as generally described in the attached staff report outlines the tasks necessary to complete such investigation; and

WHEREAS, The Civil Service Commission approved the Port's proposal to enter into a Personal Services Contract for the scope of work generally described in the attached staff report at its meeting on April 7, 2008; now, therefore be it

RESOLVED, That the San Francisco Port Commission hereby authorizes Port staff to issue a Request For Proposals (RFP) for a brownfields site investigation, including risk assessment and feasibility study of remedial alternatives, as generally described in the attached staff report, in the Pier 70 Master Plan Area, located immediately east of Illinois Street between Mariposa and 22nd Streets.

I hereby certify the foregoing resolution was adopted by the Port Commission at its meeting of May 13, 2008.

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Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

May 7, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Update on Stormwater Design Guidelines for New Development and Redevelopment in San Francisco

DIRECTOR'S RECOMMENDATION: Informational Only – No Action Required

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INTRODUCTION

Stormwater management is a critical municipal responsibility which has a direct impact on public health and safety, surface water quality, and wildlife habitat. Like many California municipal agencies, the Port of San Francisco administers a Stormwater Management Program developed in accordance with the Federal Clean Water Act and a State of California National Pollution Discharge Elimination (NPDES) Permit. Among the specific obligations set forth in this NPDES Permit, the Port is required to develop, implement and enforce a program to reduce pollutants in storm water runoff from new development and redevelopment projects. This effort is commonly referred to as a *post-construction stormwater control program.*

In February 2007 Port staff introduced a community planning effort to the Port Commission wherein the Port would partner with the San Francisco Public Utilities Commission (SFPUC) to develop a regulatory guidance document that fulfills state and federal requirements for post-construction stormwater runoff control. This document, the Stormwater Design Guidelines, integrates and provides synergy with other current planning efforts in San Francisco, including the Better Streets Plan, Sewer System Master Plan, and the Urban Forest Master Plan. It is designed to function within the context of existing regulations and policies administered in San Francisco. After extensive public outreach and interdepartmental coordination, Port and SFPUC staffs have completed a draft of the Stormwater Design Guidelines that will be issued for public comment and review later this month. The following report presents a summary of the elements

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comprising the Stormwater Design Guidelines, as well as a discussion of how the Stormwater Design Guidelines will effect future development along the San Francisco waterfront.

BACKGROUND

The Stormwater Design Guidelines are driven by regulatory requirements that apply to the City's separate storm sewer areas, which include the Port, Hunters Point Shipyard, Mission Bay, Treasure Island and various parcels that discharge to inland receiving waters (e.g., Lake Merced). Stormwater runoff in these areas accumulates pollutants such as petroleum, metals and sediment as it flows to waterways. The Stormwater Design Guidelines establishes an engineering, planning and regulatory framework for designing new infrastructure in a manner that reduces or eliminates these pollutants.

Low Impact Design

In keeping with Mayor Gavin Newsom's policy goals for promoting sustainable development in San Francisco, the project team is pursuing a "Low Impact Design" or "LID" approach for the Stormwater Design Guidelines. LID strategies integrate green space, native landscaping, natural hydrologic functions and various other techniques to reduce pollution in runoff from developed land. LID serves multiple functions within a facility design, and can be integrated into civic open spaces and recreational areas. LID also achieves consistency with the policy goals of regulatory bodies that have jurisdiction over Port development, including the San Francisco Bay Conservation and Development Commission ("BCDC"). The Stormwater Design Guidelines consider a broad range of LID stormwater controls, including the following which can be incorporated into development projects as landscape or open space features:

- Vegetated swales
- Rain gardens and above ground planters
- Permeable pavers
- Detention ponds
- Treatment wetlands

LID stormwater controls are an element of LEED ("Leadership in Energy and Environmental Design") certification. Port staff has discussed LID /LEED synergy with development teams working on Port projects and the feedback has been positive.

Community Outreach

Because stormwater regulations require local agencies to promote public participation in program development, public outreach is a key component to the Stormwater Design Guidelines planning process. The project team developed a database of over 2,000 community stakeholders, including members of Port waterfront advisory groups and local civic and environmental organizations. Public meetings were held in March and October 2007 to solicit public feedback on the Stormwater Design Guidelines process. Additional meetings and presentations were held with Port advisory groups and local civic groups. Community feedback was overwhelmingly supportive, and reflects a group of stakeholders who are relatively sophisticated in matters related to sustainability and urban planning. A brief sampling of questions and input received during the first two public meetings includes:

- How will LID techniques such as rainwater harvesting interact with efforts to implement the San Francisco Recycled Water Master Plan?
- Will the Stormwater Design Guidelines include detailed information regarding San Francisco soil types and hydrology that will help planners and engineers develop better stormwater treatment controls?
- How does the public right-of-way relate to private parcels in the development and implementation of stormwater treatment controls?
- Who is responsible for maintenance of stormwater treatment controls?
- Can permeable paving (an LID technique) be implemented in a manner that meets the requirements for public art administered through the San Francisco Art Commission?
- Have Port and SFPUC staff discussed LID approaches with the Mayor's Office of Disability to ensure that stormwater controls implemented in the public right-of-way are ADA compliant?

The draft Stormwater Design Guidelines document incorporates feedback received during these public outreach efforts. A summary of questions and responses from the first two public meetings will be posted on the Port's website with the draft Stormwater Design Guidelines (www.sfport.com/stormwater).

The Stormwater Design Guidelines Document

The Stormwater Design Guidelines Document is comprised of two volumes. The first volume provides policy overview and a San Francisco specific context for post-construction stormwater control requirements, and explains how these requirements will be incorporated into the City's planning and permit review process. The second volume provides detailed instructions on how to develop a *Stormwater Control Plan.* Every applicant seeking a building permit and/or CEQA approval within Port jurisdiction for a new development or redevelopment project over 5,000 square feet must submit a Stormwater Control Plan to the Port Engineering Division showing that they have incorporated appropriate stormwater controls into their project. Port planning and engineering staff will review Stormwater Control Plan submittals for adequacy.

The Stormwater Design Guidelines include compliance strategies, a decision tree to assist the selection of stormwater controls, and spreadsheets that assist in sizing stormwater controls. A hypothetical example project illustrates how to complete each step in the design process, and a template for the Stormwater Control Plan is included at the end of the document. Port and SFPUC staff included this level of detail in the document with the goal of streamlining the permitting and approval process for stormwater controls. The draft Stormwater Design Guidelines will be routed to the Commission upon its publication on or around May 20, 2008. Port and SFPUC staffs are in the process of drafting an ordinance codifying the Stormwater Design Guidelines. This ordinance will go before the San Francisco Board of Supervisors in October 2008, and will be incorporated by reference into the Port Building Code in November 2008.

FUNDING

The Stormwater Design Guidelines project is a collaborative effort between the Port and the SFPUC. Consulting services to support this effort were secured through the Port's

Environmental As-Needed Services contracts. To date, $200,000 has been encumbered for the project, with the SFPUC providing $100,000 to fund its portion of the work. The Port is funding its share of the work through its annual budget appropriation for the Port Stormwater Management Program.

SCHEDULE

Distribute Draft Guidelines for Public Review:	May 20, 2008
Solicit Public Comment on Draft Guidelines:	May 20 through July 31, 2008
Public Meeting #3:	July 2008 (date to be determined)
Publish Final Guidelines:	September 2008
Ordinance Codifying Guidelines:	October 2008
Incorporate Guidelines into Port Building Code	November 2008

SUMMARY

In response to federal and state mandates, Port and SFPUC staffs are prepared to publish a set of formal design guidelines for the minimization of stormwater pollution associated with new development and redevelopment in separately sewered areas of San Francisco. Upon completion of this effort later this year, Port staff will return to the Port Commission to propose incorporating by reference into the Port Building Code a new City ordinance which codifies the Stormwater Design Guidelines. The Stormwater Design Guidelines will apply to all new development and redevelopment projects greater than 5,000 square feet in size and will go into effect November 2008.

Prepared By: John Mundy, Utility Specialist

For: Edward Byrne, Chief Harbor Engineer

PORT OF SAN FRANCISCO

MEMORANDUM

May 8, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation on Pier ½ (Ferry Building Parking) Condition, Pending September 15, 2008 Closure and Alternative Parking Options

DIRECTOR'S RECOMMENDATION: Informational Only – No Action Required

INTRODUCTION

The purpose of this presentation is to communicate to the Port Commission a brief history of the Pier ½ structural assessments, ensuing structural repairs, and the recently prepared Creegan & D'Angelo Engineers' (C&D) recommendations regarding structural repairs and estimated repair costs. Port Staff has evaluated this information and has scheduled the closure of Pier ½ on September 15, 2008.

BACKGROUND

Pier ½ was built approximately seventy years ago, although the exact date is unknown. It consists of a pile-supported, mostly wood-framed pier section and a concrete-framed marginal wharf section. The wood-framed pier consists of wood decking supported over wood stringers supported over cap beams, many of which are wood and some are steel. Asphalt topping covers the wood decking. Some of the support piles are wrapped wood piles and others are reinforced concrete piles. As noted below the wood-framed pier has incurred substantial deterioration. Refer to photographs located in attached Exhibit A. The concrete wharf section is in fair condition and will remain in use. Refer to Plan in attached Exhibit B.

Port Engineering, with the assistance of Port Maintenance and C&D, has conducted several rapid structural assessments (RSAs) of the Pier ½ substructure over the previous six years. Based on the

RSAs' recommendations, Port Maintenance in the last six years has executed many repairs to the Pier's substructure, decking and asphalt paving. A partial chronology follows.

In March, 2002, Port Engineering executed an RSA of the Pier ½ substructure. The assessment highlighted numerous structural problems, including deterioration in the decking, cap beams and piles. Shortly thereafter, at the Port's request, a licensed Civil Engineer from the Department of Public Works, conducted a substructure inspection and confirmed the Port's findings. As a follow-up to the Port's March 2002 RSA, in April of 2002, Port Maintenance completed a limited deck and stringer replacement to the extent permitted by the San Francisco Bay Conservation and Development Commission (BCDC), in specific locations and as required to continue the temporary parking use.

Between years 2003 and 2007, on several occasions the parking deck operator contacted Port Staff to communicate the discovery of additional, isolated, newly-formed decking failures. Port Engineering and Maintenance worked together to execute limited structural repairs, mainly to the decking, stringers and cap beams, as required to continue the temporary parking use. In some instances Port Maintenance installed steel plates over the failed decking as a 'quick fix'.

In the Winter of 2007, at the Port's request, Creegan and D'Angelo Engineers' (C&D) executed and documented a detailed structural condition assessment of Pier ½. C&D's report indicates that the substructure is in **poor** structural condition, and notes several framing members that are 'over-spanned'. The report recommends that the Port make structural repairs in the near future to "*eliminate the likelihood of structural failure and its consequences*".

More recently, in March, 2008, Port Maintenance installed six (6) deck plates immediately after the parking operator noticed new decking settlement. There are currently eleven (11) steel deck plates in use.

On April 2, 2008, Uday Prasad, Port's Senior Civil Engineer, made an informational presentation to the Northeast Waterfront Advisory Group (NEWAG) about Pier ½'s structural condition and the Port's plan for closure of the Pier.

Current Temporary Parking Use and Relocation

Ferry Building Investors, LLC ("FBI") and its Subtenant, Ferry Building Associates, LLC ("Ferry Building") currently operate the Pier ½ parking lot. These spaces are part of the 150 parking spaces that are the subject of the April 10, 2001 Parking Agreement between the Port and the Ferry Building. The Parking Agreement identifies several areas for locating potential parking spaces and provisions for relocation. As documented in the April 18, 2003 location notice and agreement, the parties agreed to provision of the spaces at Pier ½ and Seawall Lot 351 (Embarcadero at Washington), with allowances for Port employee and visitor parking as required to meet the Port's obligation for 150 spaces. Though there are a number of private parking garages within easy walking distance of the Ferry Building including the Embarcadero Center Garage and 75 Howard Street, the Parking Agreement calls for the Port to provide 150 parking spaces reasonably within its control including spaces at Pier ½, Seawall Lot 351, and 1 Maritime Plaza (now known as the Golden Gateway Garage).

Following the closure of Pier ½, FBI will continue to operate SWL 351 only. Ten (10) unassigned spaces are to be reserved for Port visitors and/or Port vehicles. FBI will continue to use the white zone in front of the Ferry Building for valet parking operations. In addition, the Port will facilitate a negotiation with the San Francisco Municipal Transportation Agency (SFMTA) for parking spaces at the Golden Gateway Garage at 250 Clay Street, within three blocks of the Ferry Building, for use of Ferry Building visitors.

The 1,095 parking space Golden Gateway Garage is near or at capacity on weekdays but has excess capacity on nights and weekends. The Port has reached an agreement with Golden Gateway Garage to expand their weekend validation program, which currently applies to Chinatown and North Beach merchants, to include the Ferry Building area. Under this program, patrons who secure a validation will be able to park on Saturdays and Sundays until 10:00 pm at a rate of $3 per day. The validation program has no cost to the merchants. The details regarding how merchants distribute validation stamps will need to be determined. There would be no restriction in the number of Ferry Building shoppers that could park at the Golden Gateway Garage on the weekends.

A parking rate for weekday evenings and weekdays would need to be negotiated with the Golden Gateway Garage. As called for in the Parking Agreement, FBI shall pay "Parking Fees" directly to the Golden Gateway Garage pursuant to a separate parking contract with it, at the rates set by such parties. In addition to pursuing parking for Ferry Building shoppers in the Golden Gateway Garage as called for in the Parking Agreement, Port staff is studying additional options to improve parking in the Ferry Building Area. Options include implementation of shuttle service between the Ferry Building and the Golden Gateway and 75 Howard garages, better use of existing on-street parking including expansion of parking on Davis Street, weekend validation of parking for Ferry Building shoppers at 75 Howard and other private garages, and better signage and wayfinding to alternate parking locations including SWL 351, Golden Gateway and private garages.

BCDC

BCDC's San Francisco Waterfront Special Area Plan, as amended in 2000, includes the following policy concerning Pier ½:

- Remove a portion of Pier ½ as part of the Ferry Terminal Phase 2 development project, retaining only that portion required for retaining a vessel berthing facility and public access.
- The Downtown Ferry Terminal Phase 2 will be funded by the Water Emergency Transportation Agency. The timing of this expansion is not known at this time.

Future Plan of Action

At this time, it is not clear that any further repairs can be made without rebuilding the Pier. If such repairs could be made, Staff has not identified any source of funding for the repairs. In addition, BCDC may restrict the extent of future Pier ½ repairs and use consistent with their Plan. If the Port decides to repair or demolish the Pier, it will take approximately nine (9) months to secure a contractor, and thereafter six (6) months to complete a repair project, or three months to complete a demolition project. The estimated cost for complete repair of the wooden pier section is $1.1 million (as per C&D's report). If a seismic upgrade is required the project cost will increase significantly. The estimated cost for demolition of the wooden pier section is $300,000.

In the interim, Port Staff is planning to take the Pier out of use and erect barricades. (Refer to schematic barricade plan located in attached Exhibit B.) The marginal wharf may continue to be used for parking as shown on the barricade plan.

SUMMARY

Due to Pier ½'s poor structural condition, repairs are required to maintain public safety and building code compliance. To ensure public safety, the Chief Harbor Engineer has determined that the facility must be closed to all uses on September 15, 2008. The Pier will be barricaded with 6 foot high fences where the wood pier structure connects to the concrete marginal wharf, as noted in the attached barricade plan in Exhibit B. This barricaded condition will be maintained until the Pier is either repaired or demolished.

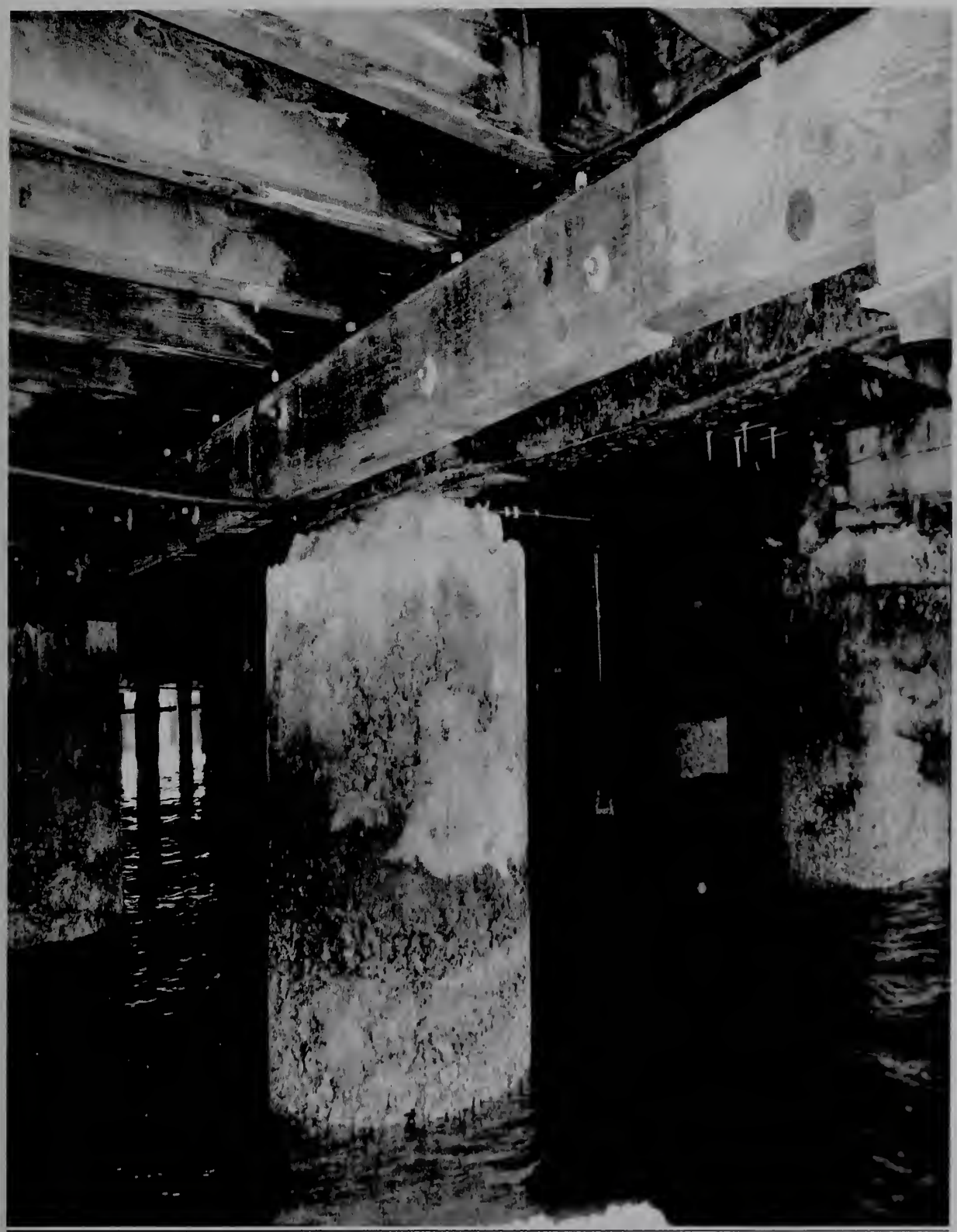
Prepared By: Joe Roger, Structural Engineer
Kathleen Diohep, Planning & Development

For: Ed Byrne, Chief Harbor Engineer

EXHIBIT A

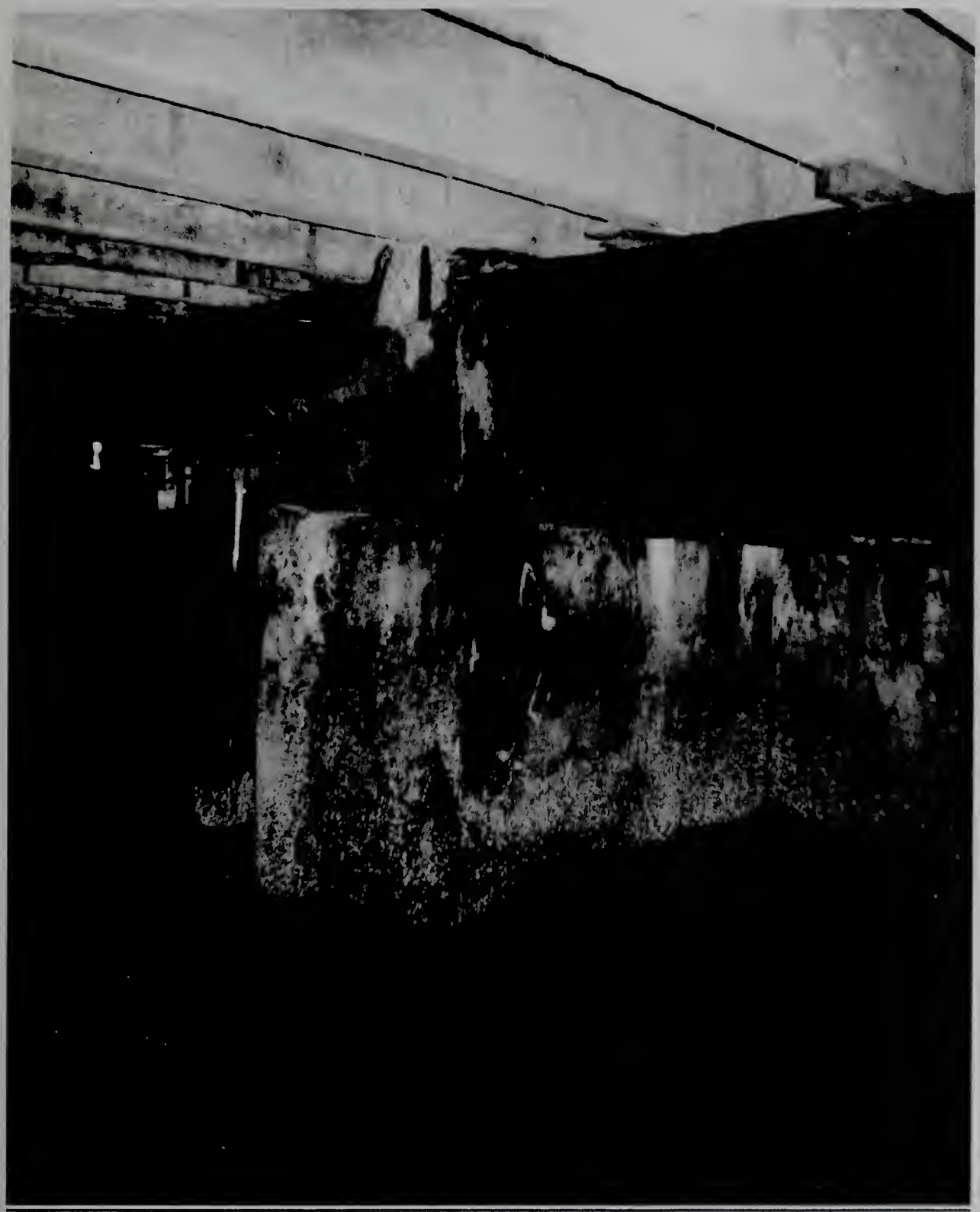
SPLIT CAP BEAM AND CORBEL

DETERIORATED WOOD PILE



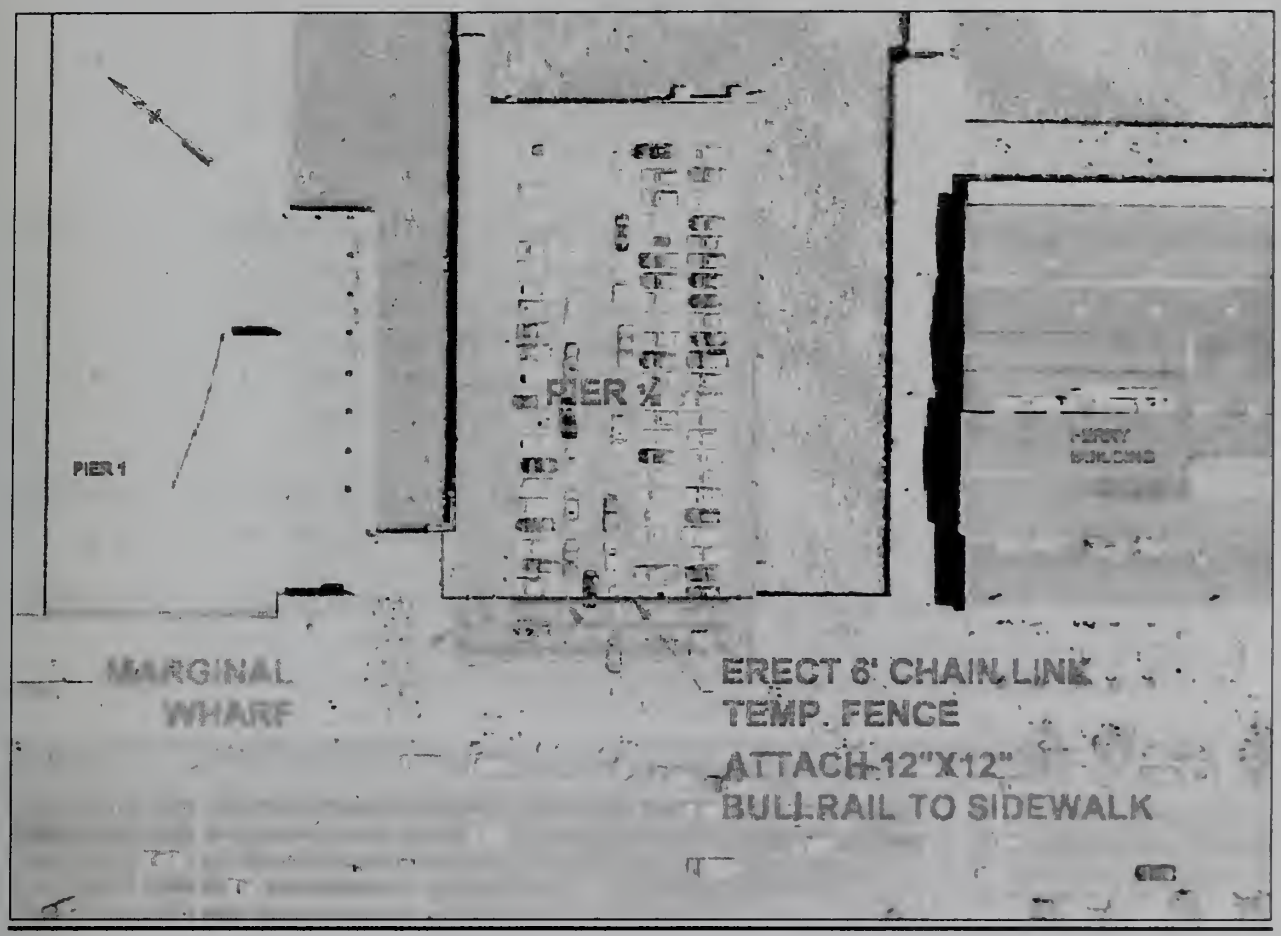
DETERIORATED SREEL CAP BEAM

STEEL PLATE SPANNING OVER DETERIORATED WOOD DECKING



DETERIORATED STEEL CAP BEAM

EXHIBIT B



PIER ½ BARRICADE PLAN

PORT OF SAN FRANCISCO

MEMORANDUM

May 6, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Request authorization for a contract modification to the Illinois Street Intermodal Bridge South Approach Contract No. 2709 with Stacy and Witbeck, Inc, to increase the contract amount by $74,368 to a total of $4,966,242.

DIRECTOR'S RECOMMENDATION: APPROVE THE ATTACHED RESOLUTION

Introduction

Port staff request Commission authorization to execute a contract modification to the Illinois Street Intermodal Bridge South Approach Contract No. 2709 with Stacy and Witbeck, Inc. ("Contractor"), to fund additional work. Port Commission authorization for this proposed contract modification is required because the estimated cost of this modification for additional work will increase the contract amount beyond the previously authorized contract amount, including the contingency amount.

Port staff advised the Port Commission in Resolution No. 08-08 on February 7, 2008 that staff were in negotiation with the Contractor on the following issues:

- Tie in of the additional train control cabinet to the MUNI system and related programming changes to the control systems, which was under discussion with MUNI.
- Additional handling and off hauling of contaminated soil from the Auxiliary Water Supply System ("AWSS") trench.
- AWSS - Tie in of new valve requested by SFFD and reroute AWSS to avoid existing utilities.
- Other possible future contract contingencies

This Print Covers Calendar Item No. 9C

The train control system changes requested by MUNI require the Port to change the train control system from an integrated system with MUNI at Third / Cargo / Amador / Illinois Streets to an independent Port system controlling only Cargo / Amador / Illinois Streets. Port staff negotiated the cost of this additional work for $83,834 with the Contractor and issued Change Order No. 11 on May 7, 2008 to commence the work.

Project Status

The construction of the South Approach for the Illinois Street Bridge achieved substantial completion on March 21, 2008 and train control system changes requested by MUNI and punch list correction are in progress. The project team successfully ran a test train across the bridge on April 22, 2008 (refer to photo).

Additional funding for AWSS work and miscellaneous electrical work is needed to complete the project. Port staff negotiated Change Order No. 12 with Stacy & Witbeck for $94,403 for this work. However, the remaining contract contingency of $20,035 is insufficient to fund this work. Therefore, Port staff request authorization to increase the contract amount for Contract No. 2709 by an amount of $74,368 in order to issue the Change Order.

Port staff also request an additional $20,000 in contingency funds to be utilized for unforeseen additional work.

Funding

The current authorized funding and change order amounts for Contract No. 2709 are summarized below:

Contract No. 2709 Authorized Funding and Change Orders

Original Contract Amount		$3,952,400
Change Orders		
1	Remove extra concrete from track and street right of way	$9,177
2	Additional Handling of and disposal of class I & II soil, additional roadway work, UPRR review costs, time extension due to late AWSS material	$127,057
3	Additional Handling of and disposal of class I & II soil	$14,763
4	Wharf Repair	$56,100
5	Various Force Accounts for unforeseen additional work - Removal of unknown underground obstructions, repair of existing damaged utilities & security protection	$44,858
6	Various Force Accounts for unforeseen additional work - Site investigation of underground utilities & removal of unknown underground obstructions	$27,349
7	Provide Lockable Pull Boxes	$2,335
8	Additional work and schedule extension to remove, reroute and protect underground utilities	$277,835

9	Additional work to handle and off haul contaminated soil, treat contaminated ground water, utilities services, misc electrical and other work, and extend schedule	$276,131
10	Release warranty for track 2A	$0
11	Provide two distinct & separate train control systems	$83,834
Subtotal Original Contract Amount Plus Change Orders		$4,871,839
Requested Contract Modification Change Order No. 12	Additional work to tie in new AWSS valve requested by SFFD, reroute AWSS to avoid existing utilities and handle and off haul contaminated soil from the AWSS trench, misc electrical work	$94,403
Requested Total Contract Amount		$4,966,242
Authorized Contract Amount Plus Contingency		$4,891,874
Shortfall (Requested Increase in Contract Amount)		$74,368

The additional requested funding of $94,368 (shortfall of $74,368 to complete the project plus $20,000 contingency) will be provided from the Port Illinois Street Bridge Project Capital budget.

Summary

Port staff request Commission authorization to increase the contract amount by $74,368 to fund the additional work described above to complete the project and an additional $20,000 in contingency funds to be utilized for future change orders or contract modification in the event of unforeseen additional work. This will bring the total contract value to $4,966,242. No additional extensions of time are required. Final completion is expected by the end of May, 2008.

Port Staff also recommends that the Port Commission authorize the Executive Director to accept the work once it is complete.

Prepared by: Kim von Blohn
Project Manager

For: Ed Byrne
Chief Harbor Engineer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-31

WHEREAS, Pursuant to Port Contract No. 2709 with Stacy and Witbeck, Inc. ("Contractor"), construction of the Illinois Street Intermodal Bridge South Approach is in progress and reached substantial completion on March 21, 2008; and

WHEREAS, By Quarterly Update for the Illinois Street Intermodal Bridge Project on February 12, 2008, Port staff advised the Commission that staff were in discussions with the Contractor pertaining to MUNI's requests for changes in the train control system, and additional Auxiliary Water Supply System ("AWSS") work; and

WHEREAS, The current contract contingency balance for Contract No. 2709 of $20,035 is insufficient to compensate the Contractor for the increased cost of the additional AWSS and miscellaneous electrical work to complete the Project; and

WHEREAS, In order to accomplish this additional work and to provide a contingency account for the remainder of the Project, it is necessary and appropriate for the Port Commission to authorize an increase in the existing contract amount by the amount of $74,368, for negotiated costs, and to authorize additional contingency funds not to exceed $20,000 for change orders or contract modifications in the event of future unforeseen work items now, therefore be it

RESOLVED, that the Port Commission hereby authorizes Port Staff to execute a contract modification to Contract No. 2709, with Stacy and Witbeck, Inc., for the Illinois Street Intermodal Bridge South Approach, by increasing the contract amount by $74,368 to a total sum of $4,966,242; and be it further

RESOLVED, that the Port Commission hereby authorizes Port staff to increase the total contract amount, if needed, through contract modification or change order, for unanticipated contingencies, by an additional $20,000, to a total contract amount not to exceed $4,986,242; and be it further

RESOLVED, that the Port Commission hereby authorizes the Executive Director to accept the work once it is complete.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 13, 2008.

_____
Secretary

Test Train on Bridge - April 22, 2008

PORT OF SAN FRANCISCO

MEMORANDUM

May 8, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Ann Lazarus
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director - MMoyer

SUBJECT: Informational Presentation Regarding Options for a Request for Proposals for a Concrete and/or Asphalt Batching Plant at Seawall Lot 352 with a Bulk Maritime Terminal at Pier 94

DIRECTOR'S RECOMMENDATION: Informational Only – No Action Required

Overview

This staff report outlines policy options for competitive solicitation for one or two batching plants at Seawall Lot 352 (SWL 352) with a bulk maritime terminal component at Pier 94.

Since 2000, the Piers 92-94 Maritime Terminal has enjoyed financial success as a center for the import of sand and gravel and subsequent batching of these materials into concrete. The Port currently leases to Bode Gravel Company/Mission Valley Rock Company[1], RMC Pacific Materials, Inc.[2], and Hanson Aggregates Mid-Pacific, Inc. FY 2007-08 revenues from these operations are projected at approximately $3 million (including rent, wharfage and dockage) from approximately 23 acres of land. Collectively, these uses are projected to import 1.3 million metric revenue tons of cargo in FY 2007-08, or approximately 90% of the Port's cargo.

The Port has approximately five acres of land on SWL 352 (the "Site") in the vicinity of Pier 94 that the Port Commission, with the concurrence of its Southern Waterfront Advisory Committee, leased for a third concrete batching operation in 2001 (see Appendix A). This lease was

[1] Mission Valley Rock Company is wholly owned by Hanson Aggregates Mid-Pacific, Inc.
[2] RMC Pacific Materials, Inc. is wholly owned by Cemex, Inc.

THIS PRINT COVERS CALENDAR ITEM NO. 10A

terminated pursuant to affirmative litigation initiated by the Port against the former tenant. The Port prevailed in this litigation in November, 2007.

Leasing options for the Site and nearby land on the Piers 90-94 Backlands that are discussed in this report include:

- Lease five acres to a private concrete batching operator for retail distribution, with a bulk maritime component at Pier 94;

- Lease five acres to a private concrete batching operator for retail distribution, with a bulk maritime component at Pier 94 and a companion long-term concrete supply contract for City and Port public works projects; and/or

- Lease up to five acres to a private asphalt batching operator for retail distribution, with a bulk maritime component at Pier 94 and a companion long-term asphalt supply contract for City and Port public works projects.

This report presents options whereby the Port Commission can achieve its maritime, financial, environmental and economic development objectives and implement its Southern Waterfront Beautification policy, while assisting the City in achieving its environmental and public works objectives. Fulfilling these City and Port policy objectives would require close coordination with other City departments, including the Department of Public Works and the City Purchaser.

The Port Commission may, in its discretion, elect to pursue one or two of the three options described above (or none). For instance, the Port Commission may elect to pursue both a concrete batching opportunity and an asphalt batching opportunity on separate parcels in the vicinity of Pier 94. Both of these opportunities elicit strong market interest. Port staff proposes a single competitive solicitation to request proposals for concrete and asphalt batching so the Port Commission may better evaluate the merits of each alternative.

Based on Port Commission direction and public input, Port staff will return to the Commission for a recommendation on how to proceed with respect to a competitive solicitation for SWL 352 and berthing access at Pier 94.

The Site

The Site (see Appendix A) is a maritime/industrial leasing opportunity consisting of:

- 204,688 square feet of land (Parcel A) within 1,200 feet of the waterside.
- 5,967 square feet of land (Parcel B) to accommodate a conveyor system to move aggregate materials from the Pier 94 berth to Parcel A.
- Non-exclusive use of a deep-water berth at Pier 94 for unloading of materials, with an opportunity for preferential berthing rights, subject to continued Port rights to berth in order to discharge dredge material to an adjacent parcel and servicing of other maritime tenants as needed.

Substantial site improvements have been made in anticipation of construction of a concrete batching facility, including Site grading and fencing. Assuming market rents for the Site, Port staff projects potential leasing revenue of approximately $700,000 annually after construction of a facility is complete.

Recommended Use

If the Port Commission authorizes a competitive solicitation for the Site, Port staff recommends limiting the proposed uses of the Site to concrete and/or asphalt batching operations for the following reasons:

1. The Site was previously leased for a similar batching operation;

2. Port staff has received strong expressions of interest in concrete and asphalt batching operations from regional firms, including regional concrete batching firms (not currently located in the City), and three of the four respondents to the Port Commission's recent Construction Materials Recycling Center RFP;

3. Batching enterprises have a successful track record of generating revenue to the Port and promoting maritime commerce, consistent with the Port's mission;

4. These uses have been exhaustively analyzed in the Port's Southern Waterfront Supplemental Environmental Impact Report and subsequent Addenda; and

5. These businesses provide known economic benefits to the Port's Southern Waterfront constituents.

Outreach

In May, 2008, Port staff presented this maritime leasing opportunity to the Port's Southern Waterfront Advisory Committee (SWAC). SWAC was supportive of leasing this Site as either a concrete batching or an asphalt batching opportunity, the latter tied to closure of the City's Municipal Asphalt Plant at 1801 Jerrold Avenue.

The Opportunities

Port staff has received multiple expressions of interest regarding a proposed concrete and/or asphalt batching plant facility with a bulk cargo marine terminal component at Pier 94.

Port staff recommends a competitive solicitation to request proposals that incorporate the operation of a concrete and/or asphalt batching facility with the marine import of aggregate, sand or other bulk construction materials. Such operations would maximize revenue for the Port and serve the needs of various City departments and private entities. These leasing opportunities would provide economic opportunities for City businesses and residents and balance existing uses of the Pier 80-96 Maritime Complex.

As discussed above, the opportunities described below contemplate the possibility – largely dependent on the proposals the Port receives – that the City could utilize this competitive solicitation as a basis for negotiating companion agreements, in the form of long-term supply contracts for concrete or asphalt, or for decommissioning the City's Municipal Asphalt Plant, in the event that Mayor Gavin Newsom and/or the Board of Supervisors decide to close that facility. The negotiation of such companion agreements would be the responsibility of other City departments, such as the Purchaser and the Department of Public Works, but would proceed in tandem with Port lease negotiations. Any such negotiations should be predicated on the understanding that the Port will pursue market rents for these opportunities.

Concrete Batching

Market Conditions

The Port of San Francisco leases property to both of the City's major concrete suppliers: Bode Sand and Gravel, Inc. and Cemex, Inc. Two Peninsula firms – Central Concrete (US Concrete) located in South San Francisco and Granite Rock located in Redwood City – also deliver ready-mix in significant quantity to job sites in San Francisco, as do several firms located in the East Bay.

Since 1995, private building construction in San Francisco has averaged $1.6 billion per year, with relatively little fluctuation (except for the mid-1990s). Over the 1995-2006 period, private construction has accounted for nearly two-thirds of building activity in San Francisco, compared to 70% to 75% for the Bay Area counties.

Construction activity in public projects in San Francisco has averaged $811 million per year since 1995. The highest total occurred in 2006, when $1.96 billion in public construction occurred; the high total investment for that year was due to the letting of a $1.4 billion contract for Bay Bridge reconstruction. Major public works projects likely to start construction in the City in the next decade include:

City Public Works Project	Project Cost
San Francisco General Hospital	$890 Million
Hall of Justice	$800 Million
Doyle Drive	$766 Million
Wastewater Facilities	
Odor Control	$15 Million
Treatment Facilities	$2,206 Million
Pump Stations	$15 Million
Sewer System	$798 Million
Wastewater Facilities Subtotal	$3,034 Million
Transbay Terminal	$3,400 Million
Chinatown Subway	$1,300 Million
Total	**= 10,190 Million**

Possible Public-Private Concrete Batching Partnership

The Port and the City could entertain various forms of public-private partnerships to supply some or all of the structural or non-structural concrete needed for City public works projects. Currently, the City purchases concrete for its public works needs through competitive bidding of each construction contract. General contractors are required first to estimate and then to obtain concrete meeting the City's precise specifications for concrete.

A public-private partnership for concrete supply could benefit the Port and the City by providing savings on concrete costs for major City construction or development projects, allowing the City to specify concrete formulations that benefit the environment (e.g., the use of flyash or slag in lieu of cement) and/or provide priority supply to City construction projects.

Port staff recommends that the Port Commission entertain bids for the development and operation of a concrete batching facility at SWL 352 regardless of whether bidders propose or are willing to contemplate a public-private partnership.

If the Port selects an operator ("Operator") to design and operate a concrete batching facility and the City subsequently negotiates a concrete batching public-private partnership, the Port and City would provide:

a. M2 heavy industrial Port land on which to construct a facility under a long-term, market rate lease;
b. A long-term purchase contract for concrete for City needs, subject to a negotiated price and price-audit structure and quality control provisions;
c. (Possible) aggregate from the City's Sunol quarry operation, subject to cost-effective means of transport; and
d. (Possible) Financing assistance.

The Operator would provide:

a. Risk capital to construct the facility (which may be offset by some portion of City financing);
b. Knowledge and experience necessary to construct and operate a high quality concrete batching plant;
c. Access to raw materials necessary to batch concrete; and
d. A facility that can sell to private sector parties in addition to the City.

The Port Commission and the City could pursue a number of options with respect to concrete batching on Port property, including negotiating long-term supply contract(s) with an existing Port concrete batching tenant (such as Bode or Cemex) for structural and/or non-structural concrete.

Environmental Impacts of Concrete Production

The Port and the City are mindful of the impacts of quarry operations, shipping aggregates and cement production on the environment. Port staff recommends that the following environmental considerations factor into the scoring of concrete batching proposals and subsequent negotiations:

1. Recycling sand and aggregate from any future Port construction materials recycling center into non-structural concrete;
2. Recycling and/or recovery of concrete spoils from returning concrete trucks;
3. Stormwater management;
4. Greenhouse gas production (associated with cement production); and
5. Dust control and emissions reductions.

SFPUC Sunol Quarry Operation

The City is currently negotiating a contract for the operation of its quarry in Sunol, CA. The City is interested in learning whether there are cost-effective means of transporting this material from Sunol to San Francisco, preferably by water or rail.

Asphalt Batching

Important Note: The City has operated its own asphalt plant ("Municipal Asphalt Plant") since 1909. City staff has contemplated the closure of this facility as one of several policy options, due to its age, current and projected levels of asphalt demand, the poor recycling capacity of the existing facility and its proximity to the Bayview residential community. **The policy decision to close the Municipal Asphalt Plant has not yet been made by Mayor Gavin Newsom and the Board of Supervisors. It is unlikely that the City would choose to enter into a lease for asphalt batching unless it decides to close the Municipal Asphalt Plant.**

The City currently supplies the majority of its asphalt needs, including street resurfacing and pothole repair, through asphalt batched at the City's Municipal Asphalt Plant located at 1801 Jerrold Street adjacent to Central Shops, the Southeast Wastewater Treatment Plant, and the Water Department.

As described further in the DPW Final Report to the Board of Supervisors, DPW has operated a City-owned and City-run asphalt plant since 1909. The current plant was built in 1954 and underwent a major rehabilitation in 1989. In 2004, DPW installed two hot asphalt storage silos with the intent of allowing the Plant to operate continuously to produce all of the asphalt required for a day's paving operations in addition to storing excess asphalt material for private sale, or emergency and weekend work without the need to activate the entire plant. The total silo project cost was approximately $1,730,000 with a 20-year estimated life; the annual principal and interest payments are approximately $266,000 and final payment is due in October 2013.

Because the Municipal Asphalt Plant does not sell to private parties and the supply of raw materials to the facility is inefficient, DPW's analysis indicates that City operation of the Municipal Asphalt Plant will not be able to turn a profit or break even, with the current projected levels of street resurfacing funding.

As described above, if the City decides to close its Municipal Asphalt Plant, it may choose to enter a lease for a new asphalt batching operation at the Site (or elsewhere on Port property) together with a long-term purchase contract that will provide a reliable, high-quality and competitively priced source of asphalt for its paving operations. Alternately, with some capital upgrades, the City could continue to operate the Municipal Asphalt Plant.

City Asphalt Demand

The Board of Supervisors has adopted a Citywide Capital Plan that includes plans to resurface and/or reconstruct an average of more than 400 city blocks of public streets a year for the next 10 years. DPW is implementing a street resurfacing program approved by the Board of Supervisors which calls for between 35,000-45,000 tons of asphalt/concrete annually.

SFPUC has contracts for trench repair for water main repair and replacement projects. In addition, SFPUC is undertaking a Sewer System Master Plan project that is expected to result in accelerated repair and replacement of San Francisco's sewers and increase that agency's demand for asphalt. The San Francisco Recreation and Park Department uses asphalt for paving roads within its jurisdiction, as well as reconstructing numerous parking lots, bicycle and walking trails, and playgrounds. San Francisco International Airport and the Municipal Transportation Authority are also significant users of asphalt.

Private sector demand for asphalt and demand for asphalt in San Francisco and neighboring jurisdictions is unknown.

Public-Private Asphalt Batching Partnership

As an accommodation to the City, Port staff proposes to include in a competitive solicitation for the Site an option to build and operate an asphalt plant at SWL 352. City staff envisions a public-private partnership for construction and operation of an asphalt batching operation. Under this scenario, the Port and the City would provide:

a. M2 heavy industrial Port land on which to construct a facility under a long-term, market rate lease;
b. Usable components of the City's existing asphalt plant such as recently installed silos;
c. A long-term purchase contract for asphalt for City needs, subject to a negotiated price and price-audit structure and quality control provisions; and
d. (Possible) Financing assistance.

The Operator would provide:

a. Risk capital to construct the facility (may be offset by some portion of City financing);
b. Knowledge and experience necessary to construct and operate a high quality asphalt plant;
c. Access to raw materials necessary to batch asphalt; and
d. A facility that can sell to private sector parties and as well as the City.

Decommissioning of the City's Municipal Asphalt Plant

City staff recommends that respondents to a competitive solicitation proposing an asphalt batching plant be allowed to provide a bid alternate consisting of a lump payment by the City for the decommissioning of the City's Municipal Asphalt Plant, mainly to foster reuse of working components of the Municipal Asphalt Plant (if feasible). Should an Operator and the City reach agreement on terms associated with decommissioning the City's Municipal Asphalt Plant, the Operator and DPW would enter into a separate construction contract to effectuate this decommissioning.

Environmental Impacts of Asphalt Production

The Port and City are mindful of the impacts of quarry operations, shipping aggregates and asphalt production on the environment. Through its research, the City believes that current asphalt batching technology allows incorporation of as much as 45% of Recycled Asphalt Product (RAP) in new asphalt. The City's existing plant can incorporate a maximum of 15% Recycled Asphalt Product (RAP) in new asphalt. Developing new markets for RAP will improve the financial viability of a construction materials recycling center on adjacent Port property, which will provide a direct benefit to the Port.

Environmental considerations that are likely to factor into the scoring of asphalt batching proposals and subsequent negotiations include:

1. Recycling RAP, sand and aggregate from any future Port construction materials recycling center into new asphalt;
2. Stormwater management;
3. Greenhouse gas production;
4. Dust control, odor control and emissions reductions.

Competitive Bidding

As mentioned above, Port staff has received numerous expressions of interest from experienced operators for concrete and/or asphalt batching plant leasing opportunities. Therefore, Port staff would recommend a competitive solicitation for this type of leasing opportunity, despite the fact that these are maritime leasing opportunities not subject to Board of Supervisors approval.

Project Objectives

Subject to approval by the Port Commission, this proposed competitive solicitation would have the following objectives:

- Secure an experienced, high quality concrete and/or asphalt batching facility operation serving the San Francisco construction community and the larger San Francisco and Bay Area community.

- Increase the amount of bulk cargo shipped into the Port of San Francisco through its maritime facilities.

- Provide for physical upgrades to the Site including any necessary code upgrades and environmental requirements.

- Maximize Port revenue from the Site.

- Potentially provide for local discharge of materials to support construction projects in the City and County of San Francisco ("City") that would otherwise have to be trucked into the City.

- Provide a reliable, high quality and competitively priced, source of concrete or asphalt from a new plant serving the City, the local construction industry and the greater San Francisco and Bay Area community, operated utilizing best management practices to achieve state of the art environmental compliance or beyond;

- [Asphalt Batching respondents] Provide for the decommissioning of the City's existing City-owned asphalt plant located at 1801 Jerrold Street;

- Promote City policies related to landfill diversion, construction materials recycling, and use of recycled materials in City public works projects;

- Provide employment and contracting opportunities for residents and businesses.

- Provide a project consistent with the policies in the Waterfront Land Use Plan (the "Waterfront Plan") and the Port Commission's Southern Waterfront Beautification Policy.

- Provide perimeter and related improvements to mitigate any impacts of the operation, if applicable.

Proposed Rent and Key Lease Terms

Subject to Port Commission authorization and upon successful completion of negotiations with the selected Respondent, the Port would enter into a lease for the Site. Appendix B contains Key Lease Terms that Port staff recommends for an RFP.

Advertising

Subject to Port Commission authorization, Port staff would advertise the RFP opportunity in newspapers used for this purpose by the Port's Real Estate Division, and via direct communication with the City's current list of concrete and asphalt companies.

Request for Proposals

Subject to approval by the Port Commission, Port staff would issue an RFP package consistent with standards and criteria established by the Port. The package would include an overview, a site map, a narrative description of the opportunities, Port project objectives, project approvals, lease parameters, selection process, selection criteria, and schedule and submittal requirements.

Respondents would deliver complete written submittals by the deadline indicated therein, accompanied by a signed Statement of Ability to Comply with City Requirements and Other Terms and Conditions of the RFP, and by providing a $25,000 earnest money deposit (which would be refundable to all respondents except the one with whom the Port enters into exclusive negotiations).

Advisory Panel

The submittals would be reviewed and evaluated by an advisory panel selected by Port staff consisting of up to five individuals with experience in real estate economics, public works construction, maritime terminal operations and environmental regulatory compliance ("Advisory Panel"), with the assistance from Port staff and/or independent consultants. Port or City staff and/or other appropriate parties with relevant experience could serve on the Advisory Panel.

The Advisory Panel, Port staff, or their consultants would, at their discretion, contact references and industry sources, investigate previous projects and current commitments, interview some or all of the respondents and respondent teams, and/or take any other information into account in their evaluation of the responses. The Port would reserve the right to request clarification or additional information from individual respondents and to request that some or all respondents make presentations to Port staff, the Port Commission, community groups, or others. This due diligence – in addition to written materials provided by respondents in response to an RFP – would be taken into account during the Advisory Panel's deliberations.

Port Commission Determination

The Advisory Panel would make a recommendation to Port staff. Port staff would make a final recommendation to the Port Commission, which may differ from the recommendation made by the Advisory Panel. The Port Commission, in its sole discretion, would determine whether to authorize exclusive negotiations and authorize Port staff to enter into an Exclusive Right to Negotiate Agreement with a selected respondent.

Selection Criteria

Port staff recommends that a successful respondent must have a minimum of ten years' experience operating a concrete and/or asphalt batching facility or comparable experience.

Port staff recommends that a respondent selected by the Port Commission have the demonstrated ability to deliver and operate a concrete and/or asphalt batching facility that meets the Port's Project Objectives. Proposals submitted to the Port would be analyzed to select the most qualified respondent. Selection criteria would include: the experience and reputation of the respondent, the quality of the lease concept, the financial viability of the proposal, the economic return to the Port and the respondent's demonstrated ability to finance, design and operate a construction materials recycling center at the proposed site. Port staff would then negotiate a lease with the selected respondent utilizing the Port's standard lease format. The earnest money deposits would be returned to the bidders not selected.

Exclusive Negotiations

Upon Port Commission authorization of exclusive negotiations, the selected respondent's $25,000 earnest money deposit would be retained by Port for a four to six month period of exclusive negotiations. The Port and the selected respondent would enter into an Exclusive Right to Negotiate Agreement during the period of exclusive negotiations to complete Lease negotiations.

During the period of exclusive negotiations, the following events would occur:

- A Lease agreement and related documents for the lease and development of the Site in a final form approved by the City Attorney's Office would be negotiated incorporating specific terms including, but not limited to, the Port's and lessee's responsibilities (including the Scope of Work), the economic parameters, development standards and requirements, and a performance schedule;

- The selected respondent would complete its due diligence review of the Site, finalize financial projections, and complete preliminary Site plans including, but not limited to elevations and renderings for the Site; and

- The selected respondent, with the Port's cooperation, would complete the project approval processes, any required supplemental environmental review pursuant to the California Environmental Quality Act and obtain necessary permission from the Bay Conservation and Development Commission.

The period of exclusive negotiations would be extended solely at the Port's discretion for an extension period as determined by the Port Commission. The fee for extending the period for exclusive negotiations would be $5,000 per month, payable in advance of any extension period.

Approval of Transaction

Upon completion of any required environmental review, including compliance with the California Environmental Quality Act, and negotiations by Port staff, the Port Commission can, but is not required to, approve the Lease and any related documents.

Board of Supervisors

Maritime leases such as that proposed for the Site are not subject to approval by the City and County of San Francisco's Board of Supervisors ("Board of Supervisors") pursuant to San Francisco Charter Section 9.118. Companion agreements, such as long-term purchase contracts for concrete or asphalt are subject to joint negotiation with the Port and the City Purchaser and would likely be subject to Board of Supervisors approval.

RFP Schedule

Port staff recommends a competitive solicitation schedule as follows:

Issue RFP	June 2, 2008
Pre-submittal conference and site tour for prospective bidders	August 1, 2008
Submittal deadline	October 2, 2008
Selection of bidder(s) for additional review	October, 2008
Presentation(s) by selected bidder(s)	November, 2008
Port Commission approval of selected bidder	December, 2008

Execution of ERN and lease negotiations	January, 2008
Port Commission approval of lease (est.)	Dependant on required regulatory approvals

Next Steps

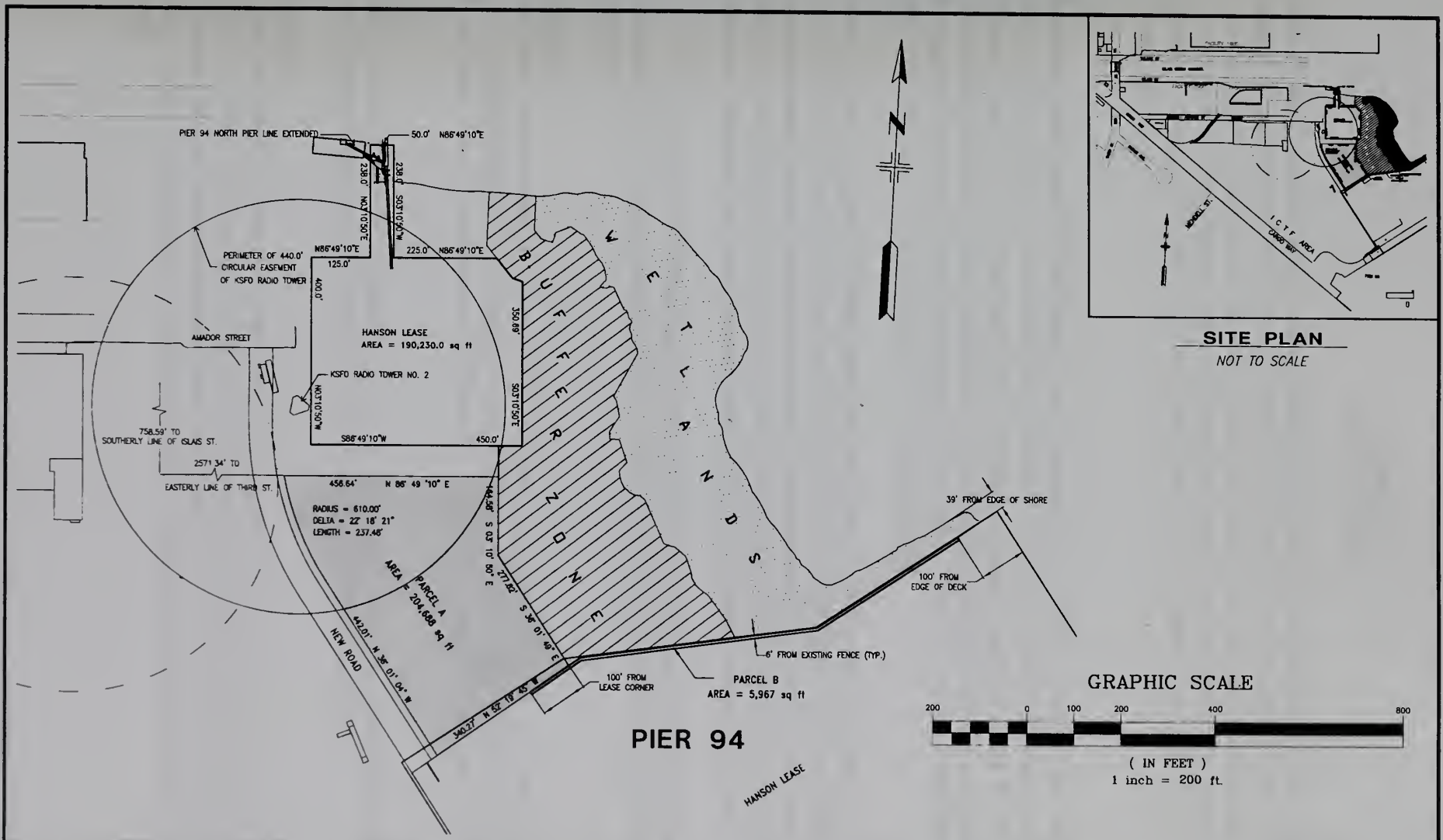
Port staff will return to the Port Commission at its May 27, 2008 meeting with an action requesting such an authorization. Port staff will also continue to assist City staff in the review of the various alternatives described above.

Prepared by:

Mark Lozovoy	Brad Benson
Assistant Deputy Director, Real Estate	Special Projects Manager

APPENDIX A

INITIALS: PORT_____ TENANT_____



SITE PLAN

NOT TO SCALE

APPROVED BY
SAN FRANCISCO PORT COMMISSION
DATE _____

_____
CHIEF HARBOR ENGINEER

SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

SEAWALL LOT 352
SITE PLAN

IN CHARGE:		CHECKED BY:	___
DRAWN BY:	AMN	DATE:	22 JAN 03
DATA FILE:	___	SCALE:	AS SHOWN
DRAWING NO.	SWL352PAC_CEM.dwg	SHEET NO.	1 OF 1 SHEETS

Appendix B
Key Lease Terms

If the Port Commission authorizes issuance of a competitive solicitation for concrete or asphalt batching operations at SWL 352, Port staff recommends that respondents be required to indicate acceptance of the following Key Lease Terms, and to make a lease proposal that is consistent with these Key Lease Terms. Actual terms of the Lease are negotiated with a prospective operator ("Operator") by Port staff and are subject to final approval by the San Francisco Port Commission.

Use

Proposals must include a full description of proposed uses, such as: detailed description of facility use, anticipated commodities to be handled including whether for import or export, means of transport to or from the facility, discharge or loading methods at the facility, handling, value-added processes, storage requirements, loading for delivery at the terminal, anticipated throughput volumes, and anticipated hours of operation. The Port seeks an Operator who will maximize the use of Port maritime berth and rail facilities.

After selection and prior to lease execution, the Operator must submit an Operations Plan, subject to Port approval, including a detailed description of its maritime cargo handling activities and equipment, materials acceptance and segregation protocols, air quality and dust control measures, water quality and storm water pollution prevention measures, noise control measures, hazardous materials and waste management, and other best management practices.

The Port may impose Best Management Practices for load checking, dust control, storage of material and stormwater management from sources published by the State of California or its agencies.

Premises

The Site consists of approximately 204,688 square feet of land (Parcel A) located at Seawall Lot 352 and approximately 5,967 square feet of land (Parcel B) located at Pier 94 in the Southern Waterfront. The site was previously planned to be used as a concrete batching plant.

Term

The Port staff will target an initial lease term of 10 years, but may consider a longer term if capital improvements to the property warrant a longer amortization period.

Base Rent

Proposals should include an expected duration for permitting and construction activities, a portion of which time may be subject to construction period rent ("Construction Period Rent"). Typically, the Port charges a construction period rent equal to 33% of its published parameter rent. The Port Commission will consider its 2008-09 minimum monthly rate schedule in June 2008.

Proposals should include a proposal for a minimum base monthly rental rate per square foot with annual increases governing the period of batching operations after the batch plant is constructed ("Operation Period Rent"). Respondents may augment their proposed Operation Period Rent proposal with a participation rent proposal (typically expressed as a percentage of gross receipts). The Operator will also be subject to Port wharfage and dockage fees set by the Port of San Francisco Tariff #4 and its future updates and revisions.

After selecting a respondent for exclusive negotiations, the Port envisions negotiating an Operation Period Rent based on comparable rents and/or a rate of return to the Port based on underlying land value. Due to the longer term contemplated by this leasing opportunity, the Port will require periodic resets to market rent based on a ground lease rate of return, market rent comparables, or both. These market resets typically occur every five years.

Wharfage

The Operator will also be subject to Port wharfage and dockage fees set by the Port of San Francisco Tariff #4 and its future updates and revisions.

Maritime Commitment

The respondents will acknowledge that Pier 94 (Seawall Lot 352) is a Port maritime facility and is designed to accommodate the shipment from and receiving of cargo by or from water-borne vessels including without limitation cargo ships, barges and other cargo vessels. Adjunct to its function as a cargo terminal, the Premises is designed to be used for the sourcing of cargo, loading and unloading and storage of bulk cargo pending delivery to their inland point of destination.

It is the intention of Port that dry bulk cargo materials will be shipped to the Premises into Port facilities by bulk carriers, barges or other cargo vessels calling at those facilities and thereby provide Port with additional revenues from the dockage fees, wharfage fees, and railroad switchage fees attributable to the cargo generated by the operation.

Accordingly, as material consideration for Port's agreement to accept as rent the Base Rent amount set forth in the lease, the respondent shall agree to ship to Port facilities minimum quantities of dry bulk cargo materials during the term of the lease.

Southern Waterfront Beautification Policy

The Port Commission has approved a "Policy for Southern Waterfront Community Benefits and Beautification" which identifies beautification and related projects in the Southern Waterfront that require funding. This policy requires the Port to set aside a portion of the monthly rents collected from Leases issued on or after the effective date on November 15, 2007 for the lease or use of Port property in the Southern Waterfront. The policy also holds the Operator to minimum standards for peaceful integration into the Southern Waterfront community.

Sale/Transfer/Refinancing

The Port expects to participate in the proceeds that the Operator receives from the sale, transfer or refinancing of the leasehold.

Maintenance/Repairs
During the term of the lease, the Operator shall be responsible for all improvements, maintenance, repairs and operating expenses associated with the Site, including any non-exclusive areas such as access roads, utilities, and general buffer areas.

Possessory Interest and Other Taxes
The Operator will be required to pay possessory interest taxes on the assessed value of the leasehold interest. The Operator also will be required to pay other applicable city taxes, including sales and payroll taxes.

Security Deposit
A security deposit will be required in an amount equal to no less than two month's Base Rent in the form of cash.

Insurance and Bond Requirements
Throughout the term of the Lease, the Operator will be required to maintain insurance typical for the approved project in amounts and with limits determined appropriate by the Port, the City's Risk Manager, and with carriers acceptable to the Port. Insurance will include, but is not limited to: comprehensive general liability; workers' compensation; property insurance on the Premises; automobile liability; watercraft liability; personal property; business interruption; builder's risk; pollution legal liability; a policy endorsement in a form acceptable to Port; and any other insurance required by law. The Port and City must be named as additional insureds.

Depending on the financial capacity of the entity entering into the Lease with the Port, the Port may also require a guaranty from the Operator's parent company or other security guarantecing the successful completion of the concrete and/or asphalt batching plant project.

Environmental Deposits
The lease will require two forms of environmental financial assurance designed to protect thc Port and the community from liability arising out of the operation of a concrete and/or asphalt batching plant:

1. A Letter of Credit (Environmental Performance Deposit) in a form determined by the Port and in an amount sufficient to compensate the Port for any damage it might incur as a result of the tenant's failure to perform its environmental obligations.

2. A $10,000 Environmental Oversight Deposit which may be used by the Port if the Operator receives a Notice of Violation or regulatory order and such notice of violation cannot be cured or Operator cannot comply with such regulatory order within 14 calendar days after delivery of such notice, and the Operator is not actively working to cure such notice of violation or comply with such regulatory order.

Hazardous Materials
During the "due diligence" period, the respondents may conduct environmental site assessments of the Site. The Port will make existing information about physical and environmental conditions available to respondents.

Assignment/Sublease
The Port will have the right to approve any assignment, sublease or transfer of the Lease, subject to any participation provisions, as described above under the heading "Sale/Transfer/Refinancing".

Form of Lease
The successful respondent will be required to enter into a lease to be negotiated by the Port and respondent during the period of exclusive negotiations. The lease will be consistent with the Port's standard leasing provisions of comparable projects.

City Requirements
The Lease will require the Operator to comply with all City requirements in effect.

The Port Commission is interested in encouraging the participation of disadvantaged business entities in this RFP opportunity. The Operator will be encouraged to consult with the Human Rights Commission to determine appropriate methods for promoting participation by disadvantaged business such as Laboratory Services (Materials Testing), Trucking and Hauling, and Security Guard Services businesses.

The Port will also require the Operator to pay prevailing wages in the construction of the project in accordance with prevailing wage and labor standards adopted by the San Francisco Board of Supervisors pursuant to SF Admin. Code Section 6.37.

Diesel Fuel Measures
The Operator will use good faith efforts to use low-emission diesel fuel or alternative low-emission fuels for all petroleum hydrocarbon-powered equipment used on the Premises, and to explore emerging new technologies for reducing diesel particulate matter. Port staff is investigating lease-based requirements for using alternative fuels and particulate traps; the inclusion of such requirements is a policy matter for the Port Commission.

Local Truckers
As a material consideration for Port's agreement to enter into this Lease, Operator agrees that, for all trucking opportunities associated with Operator's operations, including, without limitation, hauling of materials on and off the Site, Operator will make good faith efforts to first use local truckers.

Performance Benchmarks
All documents governing the approval and development of the Site will contain time and performance benchmarks, including provisions for payment of liquidated damages, with termination for non-performance.

PORT OF SAN FRANCISCO

MEMORANDUM

May 7, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of a Memorandum of Understanding (MOU No. M-14549) between the Port of San Francisco and the City Department of Public Health for the use of Pier 48, Sheds A and C, with a waiver of all fees for Project Homeless Connect events on June 5-6, 2008 and December 1-4, 2008.

DIRECTOR'S RECOMMENDATION: APPROVE ATTACHED RESOLUTION

Overview

Project Homeless Connect (PHC) is an international best practice model that originated in San Francisco in September 2004. The goal is to transition the City's homeless off the streets and into services and supportive housing. Based on a one-stop-shop model, PHC provides easy access to the homeless, many of whom fall through the cracks, to access services like medical care, mental health and substance abuse treatment, benefits, legal support, dental care, shelter, eye care, food and more.

These services are traditionally provided at Bill Graham Auditorium at San Francisco's Civic Center. Due to renovation at that location, the PHC team, under the Department of Public Health, is seeking alternative sites until renovation is complete. Pier 48 works as a suitable site for this program because of the large indoor space needed to accommodate the broad scope of activities executed on that day.

Because this is a City-wide event that provides public benefit services, many to Port neighbors and constituents, Port staff supports entering into this Memorandum of Understanding between the Port of San Francisco and the City Department of Public Health for the use of Pier 48, Sheds A and C, with a waiver of all fees for Project Homeless Connect events on June 5-6, 2008 and December 1-4, 2008. The fees that are being waived are as follows:

THIS PRINT COVERS CALENDAR ITEM NO. 10B

June event:		**December event:**	
$10,000	event day	$10,000	event day
$ 2,500	load-in/load-out	$ 7,500	load-in/load-out
$ 1,637	Permit fees	$ 1,637	Permit fees
$14,137	TOTAL	$19,137	TOTAL

Background

Based on the belief that "*government cannot solve homelessness alone*", PHC is unprecedented in it collaborative approach. Over 1,000 individual community volunteers, 300 corporations and 250 service providers contribute staff and in-kind services to the bi-monthly PHC events.

It is estimated that between 6,000-12,000 people are homeless on any given night in San Francisco, including some who seek shelter on Port property. Homelessness is the number one issue that San Francisco residents, workers and visitors, including visitors to the Port, want addressed. Drastic reductions in federal dollars for affordable housing, high numbers of returning homeless veterans, mental illness, substance abuse and the high cost of living in San Francisco have made addressing homelessness a daunting challenge.

The one-stop-shop PHC model makes it easy for the homeless to access services with the goal of transitioning these clients off the street and into transitional housing. Clients flow through a check-in area and are then ushered through the different service areas, taking into consideration privacy and personal respect.

The first event at Pier 48 is scheduled for Friday, June 6, 2008 from 8:00 am to 1:00 pm, and Port staff has allowed PHC time for load in and load out at each end of the event. PHC has also asked for the same event and waiver for December 1-4, 2008, should Bill Graham Auditorium still be under construction. Port staff also supports that additional event with the waiver of fees noted above.

Recommendation

Port staff recognizes the benefit of allowing these events to occur at Pier 48 and supports the efforts of PHC and recommends approval of MOU No. M-14549 between the Port of San Francisco and the City Department of Public Health for the use of Pier 48, Sheds A and C, with a waiver of all fees for Project Homeless Connect events on June 5-6, 2008 and December 1-4, 2008.

Prepared by: Susan Reynolds
Deputy Director for Real Estate

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-32

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate maintain, manage, regulate and control Port area of the City and County of San Francisco ("City"); and

WHEREAS, under Charter Section 3.581 (g), leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, an estimated 6,000–12,000 people are homeless on any given night in San Francisco, including some who seek shelter on Port property; and

WHEREAS, Project Homeless Connect ("PHC") is an international best practice model that originated in San Francisco in September 2004 and serves as a one-stop-shop model providing easy access to the homeless, many of whom fall through the cracks, to access medical, legal and social services; and

WHEREAS, due to renovation at Bill Graham Auditorium, the PHC team is seeking alternative sites until renovation is complete; and

WHEREAS, Pier 48 works as a suitable site for this program; and

WHEREAS, Port staff is requesting approval of a Memorandum of Understanding (MOU No. M-14549) between the Port and the City Department of Public Health for the use of Pier 48, Sheds A and C, with a waiver of all fees for two Project Homeless Connect (PHC) events on June 5-6, 2008 and December 1-4, 2008; now therefore be it

RESOLVED, that this Commission hereby authorizes the Executive Director of the Port or her designee to enter into a Memorandum of Understanding with the City Department of Public Health for the use of Pier 48, Sheds A and C, with a waiver of all fees for Project Homeless Connect events on June 5-6, 2008 and December 1-4, 2008; and further

RESOLVED, that the Port will waive fees for the Project Homeless Connect events on June 5-6, 2008 and December 1-4, 2008 in the amount of $14,137 for the June event and $19,137 for the December event; all other requirements will be met, such as insurance and SFFD permits.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 13, 2008.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

May 8, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Request Approval of the Memorandum of Understanding (MOU) between the Port of San Francisco and the San Francisco Municipal Transportation Agency (SFMTA) to purchase and install multi-space meters on Port property, maintain the multi-space meters, and collect and count the coins from the Port's multi-space meters.

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution

Background

The Port operates approximately 1,000 electronic single space parking meters along 45 city blocks within its jurisdiction using in-house staff. These 1,000 meters were purchased and installed over a 5-year period beginning in 1992 and completed in 1997. The Port's meters are in effect from 7 a.m. to 7 p.m., 7 days a week, with some exceptions. The Port Commission raised the Port meter rates from $1 per hour to $2 per hour in 2003 and retained the existing two-hour time limit. The existing meters do not accept credit cards or the City's Smart Card. Annual parking meter revenue, based on the flat rate of $2 per hour, is nearly $1.4 million.

Port's Pilot On-Street Parking Study

In 2006, the Port initiated a study of its on-street parking program with the goal of (1) increasing Port parking meter revenues while promoting parking availability for Port tenants and their customers; and (2) managing the on-street parking resource under Port jurisdiction more effectively.

Port staff explored utilizing market-based parking rates to affect supply and demand, by introducing pricing strategies that could be supported by new technologies (smart meters, multi-space paystations, and sensors) that also provide customers with multiple convenient payment options. One multi-space paystation usually services between seven and ten parking spaces.

This Print Covers Calendar Item No. 11A

Phase I of the study focused on an overall assessment of the Port's on-street parking program which created baseline data. Phase II consisted of a pilot study of the capability of multi-space paystation technology to support a variety of parking management strategies, including coin and credit card payments and progressive pricing.

In Phase I, or the baseline study, the Port contracted with Streetline Networks to conduct a study to determine the actual demand for the Port's metered parking spaces. In July 2006, Streetline Networks deployed sensor technology adjacent to about 200 on-street parking spaces and has been continuously measuring occupancy and turnover. The data collected produced a baseline report which the Port used to measure the impact of the introduction of variables in Phase II, including new technology, rates, time limits and payment methods.

In Phase II, the Port extended a formal invitation to the parking vendor community to participate in a pilot study of their parking system solutions. In support of Phase II, the Port Commission adopted (1) a four hour parking limit, with the exception of Chestnut Street (no limit;) and (2) a progressive rate pricing strategy. The progressive parking rates -- First Hour $3; Second Hour $3; Third Hour $4; Fourth Hour $5 -- were intended to encourage one to two hour parking sessions with less reliance on enforcement, while adding flexibility for drivers, thereby generating turnover at on-street spaces and encouraging use of off-street garages.

The 90-day pilot study ended on February 28, 2007 and the data collected was analyzed. In summary, the general conclusions of the study are that (1) location and time of day are the biggest predictors of parking demand, (2) 41% of parking sessions were paid, 13% were used by vehicles displaying disabled placards (DPs), and 46% were unpaid, (3) across all blocks, revenue was up by 25% in the pilot study period over the baseline, (4) excluding the two blocks (1300 Battery Even and 000 Francisco Odd) which experienced paystation failures, the revenue increase was 37%, (5) enforcement was highly variable and overall quite low, and (6) drivers parked an average of 75 minutes both during the baseline and pilot study periods.

Conclusions and Next Steps Identified from the Port's Pilot On-street Parking Study

Based on the results of this study, Port staff concluded that it could improve its management of on-street parking and revenues generated by parking meters by replacing its single space parking meters with multi-space paystations that accept coins, credit cards, and the City's Smart Card. In addition, Port staff decided that it should work with the San Francisco Municipal Transportation Agency (SFMTA) to have the same meter and related technology as the City, use SFMTA's staff and contractors to provide collection and meter repair service, and to set consistent meter rates and hours in areas where the City and Port have meters. In that way, the public will not be confused by potentially different meter technology and meters prices. In addition, the Port would be in a better position to optimally price its meters since the City's meters located in adjacent areas to the Port would be priced similarly. Finally, the SFMTA's Meter Shop consists of 33 staff who have been trained to repair and manage multi-space paystations and the SFMTA's contractor, Serco, has the necessary equipment and staff to collect from the multi-space paystations. By contrast, the Port has approximately 2.5 FTE staff dedicated to managing, repairing, collecting and counting the coins from its single-space parking meters of which only one is in a full-time permanent position.

SFMTA's Contract Modification with Serco to Acquire Parking Technology and Related Services

During the summer of 2007, Port and SFMTA staff began working on a Request for Proposals (RFP) to purchase multi-space paystations for both departments. After drafting a RFP, SFMTA staff became concerned that the new meter technology has not quite developed as they would like to replace all of the City's single-space parking meters with multi-space paystations. In addition, the SFMTA is still repaying the debt they incurred to purchase the City's single-space parking meters several years ago. And, the SFMTA had received confirmation from the federal Department of Transportation (DOT) that they will receive $18.4 million in the federal Urban Partnership Program grant funds to implement a pilot parking demand based pricing study using new parking management approaches and technology including multi-space paystations to manage parking supply and demand more intelligently. To implement the DOT grant funded parking project, the SFMTA developed a parking program called SF*park* that would:

- Test various new meter, payment and sensor technology that work best to support the parking and pricing policies of the City;
- Determine the City's acceptance of demand responsive pricing and levels of acceptance;
- Focus on Parking Control Officer (PCO) deployment and better enforcement strategies including testing of different hand-held equipment and sensor enforcement;
- Test which pricing levels result in reduced congestion and improved public transit on time performance;
- Evaluate the optimal relationship between off-street and on-street parking supply and related pricing; and
- Allow the Port and SFMTA to work together to provide a seamless parking program across the City.

The DOT grant requires the SFMTA to implement the relevant pilot projects as soon as possible such that the results must be obtained before the end of 2010. As a result, the SFMTA concluded that they would not be able to meet the DOT's deadline if we issued a RFP for the various parking technology they need to implement the parking pilot studies. The SFMTA has a contract with Serco from which it purchased its single space parking meters, handheld Personal Digital Assistant (PDA) equipment, some multi-space paystations, as well as meter related coin collection and counting services. The SFMTA decided to amend its contract with Serco to purchase multi-space paystations and related equipment and technology to implement their federally funded SF*park* Program. They are also amending the Serco contract to allow the Port to purchase up to 150 multi-space paystations and to provide the Port with meter related coin collection and counting services.

The SFMTA's proposed amendment to the Serco contract requires Serco to work with the Port and SFMTA to develop paystation specifications and then seek three bids from multi-space paystation vendors. The Port will ultimately purchase its multi-space paystations from one vendor but the SFMTA will probably use more than one vendor so they can test different paystation features. The SFMTA's proposed contract modification with Serco is currently before the Board of Supervisors (BOS) for review and approval. If approved, the Serco contract modification will be in place by June 4, 2008.

Proposed MOU between the Port and SFMTA

To allow the Port to purchase multi-space paystations and meter related coin collection and counting services from the SFMTA's Serco contract, the Port and SFMTA are proposing to enter into a 2-year MOU delineating each department's responsibilities, the estimated costs of the paystations and services, and the transfer of the Port's Meter position and staff person, a 9385 General Services Officer, to the SFMTA to include in its Meter Shop. The proposed MOU allows the Port to purchase up to 150 multi-space paystations to give the Port an opportunity to increase its total number of metered spaces if the demand for the Port's on-street parking spaces south of Pier 48 is such that it makes sense to add paystations. However, to replace the Port's existing 1,000 single space meters, the Port requires 125 multi-space paystations or one paystation for every eight parking spaces.

The financial provisions in the proposed MOU are as follows:

Total Annual Costs	**FY 2008-09**	**FY 2009-10**
MTA - Paystation Repair and Management	$191,164	$200,722
Serco - Coin Collection and Counting Services	138,795	145,254
Wireless Meter Mgmt System Fee ($35 per paystation per month @ 125 Paystations)	52,500	52,500
Total	$382,458	$398,476

The Port's FY 2008-09 budget includes $382,458 for these services that was added after the Port submitted its budget to Mayor Gavin Newsom.

Summary of Estimated Parking Paystation Costs

(Based on Duncan Estimates)

	Amount per Unit	**# of Units**	**Total**
Paystation	$5,823	150	$873,450
Project Implementation Svcs			86,160
Single Space Removal & Restoration			67,800
3-yr Warranty			75,000
Spare Parts			79,701
Signs	200	150	30,000
Pavement Markings	25	1200	30,000
Installation			12,000
Total			$1,254,111
Serco 5% Mark-up			$62,706
Total Paystation Costs			$1,316,817

The Port's FY 2008-09 budget includes $1,097,348 to purchase 125 multi-space paystations. However, as previously noted, the SFMTA's contract with Serco and the proposed MOU between the Port and the SFMTA allows the Port to purchase up to 150 multi-space paystations to give the Port flexibility to expand the number of metered parking spaces on Port property. Based on the Port's on-street parking pilot study in 2007 Port staff estimate to generate approximately $500,000 in additional parking meter revenues as a result of replacing the Port's 1,000 single-space meters with 125 multi-space paystations. Thus, the multi-space paystations would have a two-year payback period.

Other elements of the proposed MOU include invoicing and payment timeframes and early termination clauses. Finally, there is a section of the proposed MOU that addresses Article VI of the Burton Act Transfer Agreement between the State of California and the City of San Francisco that states that "revenues received from parking meters installed on transferred lands (Port property) shall continue to accrue to the Port so long as the Port installs, operates, and maintains the meters." The proposed MOU acknowledges that the SFMTA and the Port agree that, notwithstanding the arrangement described in this Section of the MOU, the multi-space paystations shall be deemed to be installed, operated, and maintained by the Port for purposes of the Burton Act Transfer Agreement, and that all revenues from the multi-space paystations shall accrue to the Port.

Next Steps

As previously stated, the SFMTA's contract modification with Serco is currently before the Board of Supervisors for review and approval and is scheduled to be heard at the May 19, 2008 Government Audits and Oversight (GAO) Committee and the full Board of Supervisors at its May 27, 2008 meeting. Port staff will be able to report to the Port Commission at its May 27, 2008 meeting whether the GAO Committee recommends approval of the SFMTA's Serco contract amendment and possibly whether the full Board of Supervisors approves it as well. Assuming the Serco contract modification and the proposed MOU with the SFMTA are approved, we expect Serco to request bids for the Port's paystations in June 2008 with installation in July 2008. The Port and MTA will propose meter rates in July or August 2008. Thus, the Port should begin collecting additional meter revenues by September 2008.

Conclusion

Port staff propose to replace the Port's 1,000 single space parking meters that only accept coins with 125 multi-space paystations that accept coins, credit cards, and the City's Smart Card. Port staff also recommend using the SFMTA's contract with Serco to purchase the 125 multi-space paystations and related services as well as utilize SFMTA's Meter Shop to manage and maintain the paystations for which Port staff are proposing to enter into a MOU with the SFMTA. Finally, Port staff propose to work with the SFMTA to develop demand based pricing for the Port and City's on-street parking spaces. These measures should ensure optimal pricing and therefore revenues generated by the Port's on-street parking spaces as well as better management of the Port and City's parking spaces. Port staff recommends that the Port Commission approve the proposed MOU with the MTA by adopting the attached resolution.

Prepared by: Tina Olson, Deputy Director, Finance and Administration

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-33

WHEREAS, Charter Section B3.581 empowers the Port Commission with power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, Under the Burton Act and Transfer Agreement, the State transferred its interest in San Francisco's tidelands to the City and County of San Francisco to be held in trust for navigation, commerce and fisheries; and,

WHEREAS, Section 4 of the Burton Act and Section V of the Transfer Agreement require all revenues generated on trust property to be deposited into a trust fund for the Port's benefit, which include revenues from parking meters attributable to parking spaces on Port property belonging to the Port; and,

WHEREAS, Section VI of the Transfer Agreement allows the City to undertake all or part of the services performed by the Port if economies will result therefrom and further provides that the Port is not required to contribute to City services to the extent such contribution will result in expenditures greater than those required; and,

WHEREAS, The Port wishes to purchase up to 150 multi-space paystations using the San Francisco Municipal Transportation Agency's (SFMTA) contract with Serco; and

WHEREAS, The Port wishes to have the SFMTA staff manage and repair the Port's multi-space paystations; and

WHEREAS, The Port wishes to use SFMTA's contractor Serco to collect and count the coins collected from the multi-space paystations; and

WHEREAS, Port and SFMTA staff have negotiated a two-year Memorandum of Understanding (MOU) that allows the Port to purchase up to 150 multi-space paystations and coin collection and counting services through the SFMTA's contract with Serco as well as transferring management and maintenance of the Port's multi-space paystations to the SFMTA; and

WHEREAS, Article VI of the Burton Act Transfer Agreement between the State of California and the City of San Francisco that states that "revenues received from parking meters installed on transferred lands (Port property) shall continue to accrue to the Port so long as the Port installs, operates, and maintains the meters"; and

WHEREAS, The SFMTA and the Port agree that, notwithstanding the arrangement described in this Section of the MOU, the multi-space paystations shall be deemed to be installed, operated, and maintained by the Port for purposes of the Burton Act Transfer Agreement, and that all revenues from the multi-space paystations shall accrue to the Port; now, therefore, be it

RESOLVED That the Port Commission hereby approves the MOU between the Port and the SFMTA to allow the Port to purchase up to 150 multi-space paystations, procure coin collection and counting services, and transfer management and maintenance of the Port's paystations to the SFMTA; and be it further

RESOLVED That the Port Commission hereby authorizes the Executive Director to enter into the MOU with the SFMTA to purchase up to 150 multi-space paystations, procure coin collection and counting services, and transfer management and maintenance of the Port's paystations to the SFMTA.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of May 13, 2008.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

May 8, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Authorization to amend a grant contract with the San Francisco Conservation Corps (SFCC) to (1) extend it by three months to September 30, 2008 and (2) increase the amount by $50,000.

DIRECTOR'S RECOMMENDATION: Adopt the Resolution

The Port staff requests the Commission to authorize a three month extension and corresponding $50,000 increase to a grant contract that the Port has with the San Francisco Conservation Corps (SFCC), a community-based non-profit organization that manages the Port's youth employment program to help maintain the Port's property. The Port's grant contract with SFCC commenced in FY 2004-05 and expires on June 30, 2008. At its April 22, 2008 Commission meeting the Port Commission authorized Port staff to issue a Request for Proposals (RFP) to 501c3 non-profit organizations to continue the Port's youth employment program. The proposed grant contract extension with SFCC will allow Port staff time to issue the Request for Proposals (RFP) and finalize a new grant contract by October 1, 2008. The additional $50,000 in funding represents three months of the $200,000 included in the Port's FY 2008-09 budget for its Youth Employment Program.

Port staff recommend that the Commission authorize an amendment to its grant contract with the San Francisco Conservation Corps (SFCC) to (1) extend it by three months to September 30, 2008 and (2) increase the grant amount by $50,000 to continue the Port's youth employment program until the Port has a new grant contract in place.

Prepared by: Tina Olson, Deputy Director
Finance and Administration

This Print Covers Calendar Item No. 11B

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-34

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of the City and County of San Francisco; and

WHEREAS, The Port's youth employment program assists Port staff with landscape and streetscape maintenance; and

WHEREAS, Through a grant contract, the San Francisco Conservation Corps (SFCC) has been managing the Port's youth employment program since FY 2004-05; and

WHEREAS, The Port's grant contract with SFCC expires on June 30, 2008; and

WHEREAS, At its April 22, 2008 meeting, the Port Commission authorized Port staff to issue a Request for Proposals (RFP) for a 501c3 non-profit organization to organize, implement, and administer a youth employment program to continue to help maintain the Port's property; and

WHEREAS, Port staff anticipate completing the RFP and corresponding contracting process by September 30, 2008; and

WHEREAS, The Port Commission desires to continue its youth employment program currently managed by SFCC through September 30, 2008 or three months after the Port's grant contract with SFCC expires; and

WHEREAS, The Port's FY 2008-09 budget includes $200,000 for a youth employment program of which $50,000 would fund three months; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to execute modifications to its grant contract with the San Francisco Conservation Corps (SFCC) to (1) extend it by three months to September 30, 2008 and (2) increase the grant contract amount by $50,000.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 13, 2008.

_____
Secretary

SAN FRANCISCO
PORT COMMISSION

MAY 13, 2008
MINUTES OF THE MEETING

3/08

DOCUMENTS DEPT.

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MEMBERS, PORT COMMISSION

HON. KIMBERLY BRANDON, PRESIDENT
HON. RODNEY FONG, VICE PRESIDENT
HON. MICHAEL HARDEMAN
HON. ANN LAZARUS
HON. STEPHANIE SHAKOFSKY

MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
MAY 13, 2008

1. CALL TO ORDER / ROLL CALL

Commission President Kimberly Brandon called the meeting to order at 2:05 p.m. The following Commissioners were present: Kimberly Brandon, Rodney Fong and Ann Lazarus. Commissioner Shakofsky arrived at 2:10 p.m. Commissioner Michael Hardeman arrived at 2:20 p.m.

2. APPROVAL OF MINUTES - April 22, 2008

The Commission Secretary announced that Commissioner Hardeman made revisions to the second sentence of the first paragraph on page 31. The sentence should read: A few people knew that just before the present ownership of the Giants, his union was one of a group of unions that was going to buy the Giants. His union was going to purchase up to 10%; a couple of the larger unions were going to purchase up to 20%.

ACTION: Commissioner Fong moved approval of the minutes as amended; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor. The minutes of the April 22, 2008 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Lazarus moved approval; Commissioner Fong seconded the motion. All of the Commissioners were in favor.

At 2:06 p.m., the Port Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Piers 27-31 and Piers 30-32
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*SF Piers LLC: Richard Fried

b. Property: Piers 15/17
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Exploratorium: Dennis Bartels

c. Property: Pier ½
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Equity Office Partners: Harout Hagopian

d. Property: Pier 80
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*PortsAmerica (formerly known as Marine Terminals Corp.): Don Wylie

5. RECONVENE IN OPEN SESSION

At 3:35 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Fong made a motion to call for recess of the executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Fong made a motion to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Fong made a motion to not disclose any information discussed in executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

The Commission Secretary announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

A. Executive Director's Report: Executive Director Monique Moyer reported the following:

- Bay Area Council's Trip to Washington, D.C. – April 28-30, 2008 – The Port is a member of the Bay Area Council. Annually, they have a legislative trip to Washington, D.C. This year, Commissioner Brandon volunteered to represent the

Port of San Francisco in the trip. It was held on April 29-30. There were about two dozen executives and businesswomen and men from the private sector, representing companies including Wells Fargo, PG&E, Kaiser Permanente, Visa, Oracle, Genentech, Berg Holdings, McKinsey & Company, Chevron, TMG Partners, and Silicon Valley Bank. There were public sector representatives including BART Directors Lynette Sweet and Gail Murray and Cynthia Murray from the North Bay Leadership Council and President Brandon from the Port of San Francisco.

On April 29, there were meetings with Senior Staff from Senator Barbara Boxer's Committee on the Environment and Public Works regarding free trade agreements in Congress which is an issue that the Bay Area Council has been working on, possibly at odds with the position of Speaker Pelosi. A session at the Department of Energy was held about federal investment in innovation with private sector benefits and a reception hosted by Senator Dianne Feinstein in the Senate Rules of Committee Hearing Room.

On April 30, they met with Orange County Congresswoman Loretta Sanchez, Chair of the House Homeland Security Committee with jurisdiction over maritime affairs and the Coast Guard. They also met with Senator Boxer. They met with Speaker Nancy Pelosi together with Bay Area House Members Zoe Lofgren, Jackie Speier, Pete Stark, Anna Eshoo, Barbara Lee and Mike Thompson. There was a meeting later in the day with Mike Honda.

Commissioner Brandon commented that it was a great trip and action-packed two days. She was able to discuss with Loretta Sanchez, the chair of Homeland Security, about the Custom Border Protection proposed ruling that would affect our cruise industry. The Bay Area Council delegation meeting with Speaker Pelosi lasted about an hour. They had good information. She received a letter from her today. It states. "It was a pleasure seeing you at the Capitol. As we discussed, I look forward to relying on you as an intellectual resource and organizing source as we meet the challenge of investing in infrastructure, health care, innovation and the environment to strengthen the Bay Area as well as the nation. Thank you again and I look forward to our continued dialog." They also discussed the $250 million from WETA and looking for matching federal grants.

- Chamber of Commerce City Trip to Los Angeles - May 7-9, 2008. Susan Reynolds, represented the Port of San Francisco at the Chamber's trip to Los Angeles. Ms. Reynolds reported that she was privileged to attend the 3-day trip. Many of the topics were not only Los Angeles related but also San Francisco. They talked about the dire need for work on the Sacramento Delta levee systems because any failure there would impact not only the water going to Los Angeles but the economic environment of the whole state. Education reform was also a topic that was discussed and they are focusing at the high school level. They spoke about how having a poorly educated workforce impacts everybody in the state. It is a very important topic. Another topic was high speed rail between San Francisco and Anaheim. There's a ballot measure coming up in November. Other topics were downtown community benefit districts. The importance of the film

industry in California and how tax credits to the industry affects below the line type of labor force and also the small businesses in the affected areas that service all of the film industry. They took a tour of a development downtown called L.A. Live which includes the convention center, sports arena, hotels, etc. It's a huge project. It was a beneficial trip and there were about 50 private and public delegates on the trip.

- SPUR City Trip to Toronto, Canada – May 7-11, 2008 – Byron Rhett represented the Port of San Francisco last week on SPUR's trip to Toronto. Mr. Rhett indicated that there were about 25 attendees from a variety of different disciplines, developers, representatives from non-profit organizations, consultants, as well as various city staff, Redevelopment Agency and Mayor's office. Deborah Walker, Building Inspection Commissioner and Supervisor Sophie Maxwell were also on the trip. They had a chance to meet with key members of the City - Mayor David Miller and new Planning Director Gary Wright. They talked about amalgamation, one of the major issues that city is dealing with. Toronto has a population of 600,000 people. Ten years ago the city was combined with several other cities around under the direction of the province to be more effective in regional government. The delegates learned about regional government. The delegates had an opportunity to visit two major developments: (1) Waterfront Toronto, which is a joint powers organization, federal, province and city that is helping to develop about 2,000 acres of the waterfront with the key areas being around the sports arena and the CN Tower; and (2) the distillery district. There were a lot of lessons learned. It was a 44-building historic district. It's basically their Pier 70. They've converted it to a mixed-use area that has an art center focus. It has performing arts, has galleries, artists studios, and a 32-housing tower that was under construction. The delegates tried to understand the best practices of another major city. The delegates will continue to stay in touch with the staff they met as well as representatives from Waterfront Toronto and the Distillery. It will be helpful as we develop the southern waterfront, particularly Pier 70.

- KFOG Kaboom – May 10, 2008 at Pier 30-32 – The fog cleared just enough to allow the 28,000 people that visited the pier and 100,000 people that lined the waterfront to enjoy another remarkable show by KFOG Kaboom. Despite some issues with BART, most people got to the fireworks display. It's another successful event for KFOG Kaboom.

- The National Association of Industrial and Office Properties – On May 4, 2008, the NAIOP held their 19th Annual Real Estate challenge. This year, they picked the Pier 90-94 backlands as their challenge property. Teams formed by Stanford graduate students and Berkeley grad students compete every year for the fictitious development rights of property somewhere in the bay area. Almost ten years ago, the competition revolved around Pier 70. The competition partners this year was Tilden Development Partners (The Cal Team) and Cardinal Development Partners (The Stanford Team). There were an esteem group of jury members which include: Margo Bradish, Cox Castle & Nicholson; Andrew Friedman, Shorenstein Managing Director; Daniel Kingsley SKS Investments Managing

Partner; Don Kuemmeler, PCCP LLC Partner; Chris Meany, Wilson Meany Sullivan Partner; Robert MacNaughton SVP Real Estate Credit Administrator Mechanics Bank; and Susan Smartt Sr. VP Forest City. There was a fabulous luncheon in which President Brandon represented the Port and gave great remarks. The Berkeley team won with incredible rates of return to the Port. We are looking forward to the amount of money we are going to get. It was a fun performance. It was a packed room of members of NAIOP who represent the real estate community in San Francisco. Everything from developers to real estate, lawyers, title companies and head hunters for the real estate industry. It was gratifying to see how much knowledge there is about the complexities of doing development on and around the Port complex. The teams made a presentation to this room of people. They had made one to the judge previously and part of their score was based on their ability to present their vision and their validity of their vision. They referred to the Port as needing money. She was gratified to hear that both teams tried very hard to generate money for the Port. There were some fantastic ideas. The flip side of that was there is an expectation that their ideas are viable. We will soon be putting goodwill headquarters at Pier 90-94 backlands. It was a lot of fun and thanked Dennis Williams for chairing the event.

- The 45th Anniversary of the Wax Museum was held on May 12, 2008, which unfortunately is not a Port tenant but it's a Port constituent and a great place of business. She congratulated Mr. Fong and his family. We look forward to having them around for another 45 years.

- Ride the Bay Bike Event – May 17, 2008 – Everyone is invited to explore the unique public access to our bay. Bikers will meet at the Ferry Building at 10 a.m. Tim Doherty of BCDC will lead the tour. Anybody interested needs to bring water, snacks and bike.

- On May 9, 2008, a 35-foot gray whale lodged itself nose first into Pier 27, closer to the seawall than to the bay. We spent some time in the morning figuring out who had jurisdiction. It turned out the Port of San Francisco has jurisdiction. Apparently, if it touches your property, you are responsible. A permit has to be obtained from NOAA and EPA to remove the whale. Both of whom were willing to work with us in getting those permits in place. As part of the EPA's requirement, we are required to take the carcass 10 nautical miles west of the sanctuary, which is 37 degrees, 32 minutes north latitude by 123 degrees, 25 minutes west latitude and we have until next week to file an after-action report. We were able to work with the Coast Guard who has quite a bit of experience in this area and the Marine Mammal Center. We contacted Darling Delaware and the California Academy of Sciences to see if they were interested in the carcass. There were no takers. We called some of our maritime partners. Mr. Dutra, owner of Dutra Dredging, the Port's dredging contractor for several years, sent over a work boat and a crew that helped free the whale from its position. It was lodged with its fins between the piers. The power of their vessel and great work from the Port Maritime and Maintenance staff freed the whale, despite the several

helicopters hovering above and all of the news trucks who kept asking us how much we were spending to move the whale. It did not cost as much as the fuel that was burned that day to watch the removal of the whale. Westar, our tenant at Pier 50, carted the whale approximately 60 miles out. It was an 18-hour trip. They returned at 7 a.m. on Saturday morning. She thanked Mr. Dutra and everyone else in the maritime community for their assistance. She commended Port Maintenance and Port Maritime staff for their outstanding response. She was proud of our efforts.

- Bay Planning Coalition 25th Anniversary (1983-2008) – Ms. Moyer introduced Ellen Johnck and the Bay Planning's Board of Directors. Ellen is the Executive Director, Jerry Serventi, the President and the Director of Engineering at the Port of Oakland, Bill Dutra and John Briscoe. Ellen has been a great volunteer on behalf of the Port, serving on the Rincon Point-South Beach CAC and most recently on the cruise advisory blue ribbon panel. She couldn't underscore enough how important the BPC presence has been for the Port. Most of our maritime tenants are members; if not, on the board itself. We have a variety of regulators who we need to please and sometimes they don't always agree on the methodology to achieve the goal. Bay Planning has always been a great help and voice in making sure that we come together to achieve our goals in a rational way. Most recently, they issued a letter with respect to the Passenger Services Vessel Act rule making and they have been very supportive of that. On behalf of everybody at the Port, she congratulated them on their 25th anniversary and thanked them for everything they've done for the Port. She looks forward to our continued partnership.

  Commission President Brandon presented them with a plaque that read: Bay Planning Coalition, 25 years anniversary 1983-2008, Friends and Partners

  Ellen Johnck thanked Monique and the Commission for the special recognition. She has been in San Francisco since early 1960s and has been dedicated to the success of the Port even before Bay Planning came into being. They will not rest on their laurels. This recognition and the recognition that they received recently at the conference. They will be having more events in the latter part of the year. This inspires their continual leadership on behalf of the entire economic engine in the bay and their work with their environmental partners is very important. This provides additional strength and onward into the future. They look forward to their partnership with the Port.

  Jerry Serventi indicated that on behalf of the whole Bay Planning Board of Directors, he thanked the Port for the recognition. It shows that all the ports in the bay assists the ports and we all work together. Bay Planning has brought all the ports and the industries together and it helps us work with the environmental groups and the communities to accomplish what we need to do so we can all stay in a thriving economy.

  John Briscoe thanked the Port. He is one of the founders of Bay Planning still on its board. He tanked the Port for the recognition but more importantly he thanked

the Port of San Francisco for the support its given the Bay Planning. We've mutually benefited. They were thinking about forming the coalition in 1982. It was formally formed in 1983. It marked that period of time in history of maritime relations in the bay area where the Ports of San Francisco and Oakland realized they needed each other and they didn't need to keep fighting each other. Capt. Leidersdorf was the first executive director of the Port of San Francisco. He started in 1844. They have been proud to share the last 25 years with the Port and look forward to many more.

Bill Dutra indicated that they are honored that the Port honored the Bay Planning today. They are also grateful for the wonderful job that everybody has done in working together especially Ellen's ingenuity in keeping us all talking. When you look at our bay and the interest we have and the economic engine and the quality of life we provide for this community and look at the enthusiasm of the Bay Planning as well as the Port Commission, and the other ports that make this place a great place to live, is a tribute. For them to be a leader in the industry, be competitive and have a high quality of life, is a tribute to the interest that everybody has. They are honored to be part of the group.

- Commendation for Steven Castleberry, Executive Director, Water Emergency Transportation Authority (WETA). Steve Castleberry is the chief executive officer of the Water Transit Authority which is now WETA. He's been there since its inception in 1999. WETA is responsible for expansion of new public commuter ferry service within the San Francisco bay area. It is the authority who is tasked with the coordination of the emergency activities of all passenger ferry transportation related to ferries within the bay and we are looking forward to handing that off to WETA. In the next year, we are going to see WETA working to consolidate several of the existing ferry operations for purposes of emergency operations. One of the issues we have is that in the event of an emergency, particularly wherein ferries might be needed to evacuate San Francisco, return people home as they have been needed in the past, making sure that we can service all of the communities. For example, when the Bay Bridge went down during the Loma Prieta earthquake, there weren't 6000 people living on Treasure Island. Those that live there had their own transport from the Navy. Now one of the obligations of the city would be to get people home. We are very dependent on WETA to help us meet those responsibilities. It's with great sadness that our friend Steve will be leaving WETA. We want to thank him for his incredible friendship in support of the Port. He worked on a number of issues in support of our efforts. He has always been readily available to us and invested in serving our constituents, particularly our ferry commuters and excursion commuters. We thanked Steve for all his efforts and his staff.

  Commissioner Brandon presented Mr. Castleberry with a plaque. It states: "Steven Castleberry, Chief Executive Officer, Water Emergency Transportation Authority, with appreciation from the Port of San Francisco for your excellent service and leadership, April 2001-May 2008"

Mr. Castleberry indicated that he has been in the business for 30 years and this is the first time he followed an item about a dead whale. He thanked the Port for the recognition. This recognition from the Port means a lot to him. He has a particularly soft spot for his heart for the Port. Some of the Commissioners might remember his wife's association serving in a long and continuing line of excellent Port Chief Engineer. His agency and the Port have had a fruitful collaboration over the past couple of years. We successfully lobbied for plans. We've done good planning in and around the Ferry Building. We've spent some time trying to protect maritime interests in and around the Port. He thanked and recognized Monique Moyer for the support she's given. She's been a generous and gracious colleague and the strength of our agency's relationship is based in the support she's given.

Lindy Lowe, BCDC Senior Planner, indicated that they worked very closely with Steve while he was at the Water Transit Authority and at the Water Emergency Transportation Authority. On behalf of all of BCDC staff, they are disappointed that he is leaving but wished him well. They will miss Steve. He was always optimistic and calm in the face of very difficult issues that they thought they would never be able to solve and he always found a way. They will miss him and she wished him well.

8. CONSENT

A. Request authorization to retroactively execute a contract modification to the Pier 35 Improvement Project, Contract 2712 with D.F.P.F. Corporation dba Fine Line Construction, to extend the contract substantial completion date by an additional 11 days to April 7, 2008. (Resolution No. 08-27)

B. Request authorization to increase as-needed consulting services for the Pier 45 Drainage Improvements Project by an amount not to exceed $50,000, thereby resulting in a cumulative total of $250,586 for all as-needed professional services for this project. (Resolution No. 08-28)

C. Request authorization to apply for, accept and expend $2,280,000 in grant funds from the United States Department of Commerce, Economic Development Administration for environmental investigation and remediation of Pier 70. (Resolution No. 08-29)

D. Request approval to issue a Request for Proposals for brownfields site investigation within the Pier 70 Master Plan Area, located east of Illinois Street between Mariposa and 22nd Streets. (Resolution No. 08-30)

ACTION: Commissioner Lazarus moved approval; Commissioner Shakofsky seconded the motion. All of the Commissioners were in favor; Resolution Nos. 08-27, 08-28, 08-29 and 08-30 were adopted.

9. ENGINEERING

A. Informational Presentation on the Draft Stormwater Design Guidelines for New Development and Redevelopment in San Francisco.

John Mundy, Utility Specialist, indicated that in February 2007, he came before the Commission to introduce a community planning effort wherein the Port would partner with the San Francisco Public Utilities Commission (PUC) to develop a regulatory guidance document that fulfills state and federal requirements for post-construction stormwater runoff control. These requirements are commonly referred to as Post Construction Stormwater Controls. The City's policy document for post construction stormwater controls will be called the Stormwater Design Guidelines. Next week, the Port and PUC intend to publish a draft of the guidelines document for public review. He provided a summary about efforts to date on that document and provided a brief explanation as to how the guidelines document will work.

Many wonder why stormwater runoff is even regulated. It's one of the primary sources of pollution to San Francisco bay and other state waters. The State of California is empowered by the federal government to issue lean Water Act permits to local government agencies. Among the various conditions assigned to permits for stormwater runoff is the requirement that local agencies implement a post construction stormwater control program. All local government agencies in California are required to implement these programs. Requirements for post-construction stormwater runoff control apply only to those areas in San Francisco where stormwater runoff discharges directly to receiving waters. San Francisco is somewhat unique among local agencies in that most of our stormwater drains into a combined sewer system and receives treatment in one of three wastewater treatment plants in the city. Developments in the combined sewer area are not currently subject to these requirements. Areas of the city that are subject to the requirements include the Port, Hunter's Point Shipyard, Mission Bay, Treasure Island, Candlestick Point and Lake Merced. He noted that their locations are all in the bay. They are so close to the receiving waters that they have a direct discharge of stormwater. Examples of post construction controls include drainage systems designed to control flow and remove pollutants. He showed a picture that shows a runoff from a roof leader is directed to a landscape feature that provides both of these functions. In this case, stormwater runoff flows to the grassy area before discharging to an inlet. In the process, sediments containing metals and other pollutants are removed. The vegetated swale can remove up to 80% of pollution in stormwater runoff. The guidelines provide a detailed framework for applying post construction stormwater controls in new development and redevelopment projects within the regulated areas of San Francisco. The guidelines promote sustainable development which is a key policy initiative for Mayor Gavin Newsom. The guidelines also explore multi-purpose design solutions that promote vibrant public spaces.

Low Impact Design (LID) is a term used in the planning community to describe sustainable stormwater management principles. Seattle, Portland, San Diego have all successfully developed stormwater programs that LID stormwater controls over traditional end of pipe treatment systems. LID measures are also an important component of the LEED certification process. LEED is Leadership in Energy and Environmental Design. It's a credit that one receives for a new development

construction that recognizes environmental performance. Again, a policy issued by Mayor Gavin Newsom. There are currently a number of efforts underway citywide that provides an opportunity to promote and coordinate LID policy including the better streets plan and the sewer system master plan. A great deal of interdepartmental coordination has transpired during the past year to ensure consistency between all three of these efforts. Development of the guidelines included intensive public outreach. Community meetings were held last year in the spring and fall. Our targeted stakeholders included community organizations such as SPUR, San Francisco Tomorrow, the Lake Merced Task Force and the Bay Planning Coalition. We also targeted developers, construction contractors, San Francisco City departments, regulators including BCDC and professional planners, architects and engineers. The project team developed detailed outreach materials and a database of over 2000 community stakeholders. The public meetings were well attended.

The feedback received from the community can be distilled into three major topics: First, the developers, the engineers, the designers, wanted to ensure that the policies developed in San Francisco were consistent with those administered in other bay area communities. They don't want us reinventing the wheel. SDG should include technical details for design like other policy documents. In specific cases where LID approaches weren't feasible, we should allow for end-of-pipe treatment. In some cases at waterfront piers where we can't put in landscape features, we may be looking at end-of-pipe treatment such as filtration units that filter stormwater runoff for discharge. Second, the stakeholders for the outreach process wanted to ensure that our policy was consistent with other city requirements. For instance, we didn't want to put in any stormwater controls that bring conflict with ADA requirements. We also wanted to make sure that we are consistent with all existing city code requirements that include Public Works Code and Planning Code. If we weren't, those codes were amended to allow for the proposed approaches. Finally, folks like the idea of urban greening. They like the idea of habitat conservation as a part of these guidelines. They wanted to make sure that when we are in the implementation phase, we had a integrated approach to ensuring that we met the habitat conservation, enhancement goals. They wanted to see guidelines that included a palette of native plants. They wanted to make sure that as we pursue development, we coordinate with the California Native Plant Society and BCDC. They wanted to make sure that everything was integrated and consistent.

We received our marching orders from the community and we worked on the document. One goal of LID is to help mimic or restore an urban watersheds predevelopment drainage pattern. San Francisco has been developed for over 100 years. There are things we can do that help enhance our drainage and recreate or mimic the green space that existed before the Gold Rush. We do this by integrating architecture, infrastructure and landscape design. He showed a slide of a commercial development concept demonstrating LID measures. Note the integration of landscape and architectural features. We are taking the runoff from roofs, walkways and streets and directing it toward vegetated median strips, tree wells, and rain gardens. Rooftops serve an active recreational space and we also provide greening. Note the landscape design at Hotel Vitale. The designers of that hotel are well underway toward achieving the goals of the stormwater design guidelines. What we are proposing is

feasible. Folks are already doing it in San Francisco. Best Management Practices which is a unique term for stormwater control. Green roofs are an increasingly popular architectural element. The recently completed Academy of Sciences building in Golden Gate Park includes a green roof as does GAP headquarters in San Bruno. The Port will soon begin a green roof with construction of the Eco-Center at Heron's Head Park. We've been working with the developer and we're happy with what they are proposing. Another LID measure is rain water harvesting. Rain water harvesting promotes water conservation while at the same time protecting water quality. Two Port tenants, Bode and Cemex, have designed their facilities to collect stormwater runoffs for use in concrete batching operations. Bode recently won an award from the California Water Environment Association for excellence in facility design and operations. Commercial and residential facilities can also collect rain water for use in irrigation and perhaps toilet flushing. PUC is very excited about this concept as it helps reduce demand on the city's water supply, which is another regulatory mandate. The other LID approach we are proposing is bio retention. Bio retention uses plants, engineered soils and rock substrate to slough, store and remove pollutants. The City of Portland has had some great successes recently. He showed a slide of a laboratory for a wastewater treatment plant where they took all the runoff from the roof and put it into a rain garden. We hope to see some of these design features implemented in Port development over the next few years. The pictures look great. The community loves them and they are fairly easy to install and maintain.

Finally, permeable pavements, infiltrate stormwater to a subsurface layer of sand and gravel until it infiltrates into the soil below. The Port of Portland has recently had success in installing permeable pavement in one of its new maritime facilities. He saw a presentation early this year by Portland Storm Management Director. They've done a great job and the City of Portland that regulates their stormwater is very happy with them.

The Port and PUC have selected typical land uses and developed design palettes that expressed LID approach for each of the land uses. The slide he presented illustrates a conceptual approach for implementing stormwater controls at a mixed-use residential development, something similar to what you might see at Treasure Island and something that is anticipated in the Treasure Island sustainability plan. Note the application of bio retention and green roofs. This is also an approach that could be applied at Port development projects such as SWL 337. He showed a design of a palette illustrating possible stormwater controls for redevelopment of waterfront piers. In this case infiltration will be infeasible; however, there are opportunities for landscape-based approaches such as planter boxes. In addition, material substitution, for instance going from copper flushing to steel flushing on roof lines can help reduce pollution. The guidelines will allow for traditional end-of-pipe treatment in this development scenario because of the constraints on implementing the LID vegetated measures.

The SDG outlined a detailed step-by-step process for developing the plans and submittals necessary for project review. They include work examples, a decision tree for selecting stormwater controls and a set of sizing spreadsheets, fact sheets explaining the advantages and constraints to use of the different types of controls. The

level of detail is consistent with that presented in other bay area guidance documents but the project team in San Francisco is focused more on creating a concise, accessible, visually appealing document that focuses on sustainable principles, again, in keeping with Mayor Gavin Newsom's sustainability initiative. We are publishing the first draft of the SDG later next week. He will send a draft copy to the Commissioners for review. After allowing a month for public review, we will host another public meeting to solicit input on the document. After incorporating comments and finalizing appendices, we hope to publish the final draft of the guidelines in September 2008. Per the Clean Water Act Requirements, the guidelines must be codified through City Ordinance. The project team intends to introduce the Stormwater Ordinance to the Board of Supervisors in October 2008.

Mr. Mundy indicated that this is a huge effort. It took us a year and a half to put this document together. He thanked David Beaupre from Planning & Development. He was a great steward. He thanked Carol Bach, Dan Hodapp, and Rona Sandler for providing comments on the documents. He thanked Rosey Jencks, and Sarah Minick and Arlene Navrup from the PUC project team. They were a great asset. He also thanked the project consultants.

Commissioner Brandon indicated that they look forward to the draft SDG for their review.

B. Informational Presentation on Pier ½ (Ferry Building Parking) Condition, Pending September 15, 2008 Closure and Alternative Parking Options (Embarcadero and Washington).

Joe Roger, Structural Engineer, indicated that this is an informational presentation on the Pier ½ structural condition and scheduled closure. After his presentation, Jonathan Stern of Port Planning will address the impact of the closure on Ferry Building parking. Pier ½ which is located between Pier 1 and the Ferry Building is over half a century old. Although the exact date of construction is unknown. The pier consists of a concrete pile-supported marginal wharf area that is in relatively fair structural condition and is mostly wood frame pile-supported section that is in poor structural condition. Pier ½ for the most part is covered with asphalt. Over the past six years, Port engineering with the assistance of Port maintenance and more recently with Creegan+D'Angelo (C+D), engineering consultants, have made numerous Pier ½ structural assessments. As noted in C+D recently published detailed structural condition report, the pier has a litany of structural problems including rotted wood piles, over spanned cap beams, deteriorated cap beams, dry rotted decking, etc. He showed photos depicting some of the structural problems. He showed a photo of split cap beam and a split corbel. He showed another photo of a steel girder that was reinforced back in the day with wood side pieces that were spliced in the wrong location. Nonetheless, the rust on the steel beam is evident. In the past few years, Port maintenance has installed 11 large steel plates over the existing pier decking. Each plate installation occurred after the Pier ½ parking operator noticed a new deck depression resulting from rotted decking. Port staff has not identified any sources of funds to repair and/or demolish the pier. The estimated cost to repair Pier ½ is $1.1

million. The estimated cost for demolition is $300,000. It is not clear that Pier ½ can be repaired without executing a complete pier seismic upgrade which would add substantially to the estimated repair cost. The Port fully expects that the Pier ½ structure condition will continue to deteriorate. In the interim, to ensure public safety, the Port Chief Harbor Engineer has scheduled the closure of Pier ½ for September 15, 2008. The closure date ensures that the parking deck will not remain open during another winter which typically subjects the deteriorated pier to substantial lateral weight loads. Immediately following the closure, Port Maintenance will erect barricades. We have designated a chain link 6-foot-high fence. In the west of that is the area of the marginal wharf that will be striped for parking. To the east of the fence is the area of the pier that will be closed.

Jonathan Stern, Assistant Deputy Director of Waterfront Development Projects, gave a background about parking in the Ferry Building area and discussed the options that staff is pursuing. The challenge of parking in the Ferry Building area is something that Port staff and the Ferry Building operators have struggled with before the Ferry Building renovation. It was always known that downtown parking is a challenge. There are many options pursued including various structured parking and parking garages but none of those came to fruition. When the Ferry Building lease was signed in 2001, there was a companion agreement which was a 2001 Parking Operation Agreement between the Port and the Ferry Building. Under this parking agreement, the Port would provide 150 spaces within reasonable proximity to the Ferry Building. This was specifically for short-term parking for Ferry Building users, targeted at retail and restaurant on the ground floor. Further in 2003, there was an agreement letter between those two parties which designated the provisions of those spots at Pier ½ and SWL 351 that would meet the 150-space obligation. It should be noted that this parking agreement and the lease was preceded by the BCDC Special Area Plan amendment throughout the waterfront specifically in the Ferry Building area. One of the elements of the Special Area Plan called for the removal of Pier ½ as part of the Ferry Terminal Phase 2 project. The Ferry Terminal Phase 1 was completed. WETA, a Port tenant and one of our important ferry and emergency operator is in the process of planning the Ferry Terminal phase 2. It was always considered that Pier ½ removal would happen as part of the Phase 2 implementation.

Because of this background, Port staff has been pursuing a number of options. The obligations under BCDC have taken precedent to the actual structural conditions. There was shoring up of Pier ½ about 5-6 years ago specifically to give the Port 5 years to explore other options. There were a number of options studied. We worked with various groups who worked with consultants to come up with options. There are a number of garages in the area. Weekday parking is quite full from the Golden Gateway Garage, the Embarcadero Center Garage, all the way to 75 Howard Street. There are a number of garages there that are available. There's not much availability in these garages on weekdays but they are available at other times that the Ferry Building is used such as weekends for the farmer's market and evenings for the restaurants. These are parking resources for those times. Some of the options discussed were ways to extend validations to public or private garages. We've

looked at the possibility of implementing or extending a parking shuttle, specifically to the Golden Gateway Garage. We've looked at better utilization of on-street parking resources. This can be anything from changing the metering on Port property which is a project we are currently pursuing as well as relocating some of the farmer's market parking on weekends. They take about 40 spaces near Washington Street. There's also some resources that have been identified relatively nearby specifically on Davis Street where there is no on-street parking that could be added, about 20 spaces. Part of the problem is not the parking itself but how people find the parking. As we all know, people queue up for Pier ½ on weekdays and Saturdays as well because it's so well known that's the primary spot to park. We believe there are ways to redirect parking through better signage, wayfinding, electronic solutions to direct people to alternative parking locations.

Since Pier ½ is slated for closure on September 15, 2008, there are some immediate things we need to do to ensure the health of the Ferry Building and to meet our obligations under the parking agreement. The first thing is to continue to have the Ferry Building operate SWL 351 in conjunction with the 30 or so approximate spots in front of the Ferry Building and the white zone that they currently have the right to operate. In addition, the Port is specifically facilitating negotiations with MTA, the operator of the Golden Gateway Garage. It used to be called One Maritime Plaza. They currently have a program with Chinatown shoppers where they provide free validations with Chinatown merchants and there's a free shuttle. That's something that we're optimistic that we can expand and include the ferry terminal as part of the shuttle and validation system. Finally, we can work with the private operators to increase their hours both in the evenings and on weekends as well as work with the Golden Gateway garage to make some spaces available to meet the 150 space commitment on weekdays. That would be a little challenging because they have a high occupancy during weekdays. We believe, that as a sister agency, that is something we may be able to work with.

Commissioner Brandon asked what the colors and numbers on the map represent. Mr. Stern replied that they represent location of the surrounding parking structures. For example, #9 is the Golden Gateway Garage. The blue color indicates privately operated parking garages. The green are publicly operated garages that are not located at the Port. The purple are places were historically within the last several months, there had been parking operated on Port properties. For example, #3 SWL 351 and #5 Pier ½ are two parking resources in the area. There are a number of places where people park and have parked but are not necessary the ones we can commit to specifically support the Ferry Building. For example, #4 Pier 3 is on a master lease to Hornblower. They operate it for parking primarily to support their maritime operations. They are also users in Piers 1-½, 3 and 5 for monthly parking. #6 Ferry Plaza, recently has quite a bit of available parking for long-term users, but not for short-term users but that is something that has ceased at the moment. #7 is Pier 2 where there is a number of parking commitments from other Ferry Building area tenants but not the Ferry Building itself.

Commissioner Shakofksy indicated that her understanding of the situation is to close Pier 1 in 90 days but there is no further plan beyond that. Mr. Stern replied that the closure notice will be 120 days from May 14, 2008 to September 15, 2008. We have been in ongoing discussions with the Ferry Building operators and will continue to do so. We are faced with how quickly our plan could be arrived at and deploying contractors to do the work. We are certain that there will be some closure. We have a contractual obligation to notice the closure. We're intending to continue to operate it but there is a remote possibility that there will be some solutions. However, they all include closure on September 15, 2008.

Commissioner Hardeman indicated that his thoughts are towards the Oracle event which draws millions of people to the city. They come in around the 15th and leave around the 28th. The actual show opens on the 21st. They party around town. He is concerned about the impact of the September 15 closure and how it will affect our tenants. His preference would be to patch it up for a couple of years. He suggested working something out with the Ferry Building to pay whatever, which is something that staff can negotiate. He thinks that BCDC won't probably have a problem of keeping it open for a few years. Of all the things that they were told are going to fall down, they sure look like they are going to fall but never really do. He thinks that engineers can be very creative if they knew something that will only last for a few more years. They have already been creative.

Janet Griggs, President of the Board of CUESA, talked about sustainability, specifically the sustainability of our farmers. 25% of the farmer's revenue comes from the Saturday farmer's market. That can mean the difference between surviving as a farmer and not surviving. That means that they depend not on the tourists who ask for one apple peeled and cored but on the local shopper who is buying for the entire week. That shopper parks at Pier ½. If we eliminate the close-in parking for those shoppers who are carrying many bundles, we will lose our farmer's market. She wants the Port to look at what the unintended consequences are of that. Someday, you will have people saying, perhaps your grandchildren, "Gee I remember what a wonderful farmer's market there was or I've heard about that. What happened to it?" When we get rid of a farmer's market of this nature, you are attacking the farmers' ability to make a living, ability to support their land and the land becomes available for developers. She asked the Commission to think about what the future means. If we don't provide the close-in parking, there won't be this attraction of people to the waterfront which has been a tremendous revitalization for the city.

Dave Stockdale, Executive Director of CUESA, pointed out that if some of the long term thinking and sequence events is predicated on a 1997 planning that has not been revisited, he would question how valid were those visions versus the reality we have now. Hopefully, everyone anticipated that the revitalization of the Ferry Building and the movement of the market would be a success but perhaps it's become more of a success than anyone might have realized and the needs are different than what people might have thought are appropriate over a decade ago when they were thinking about this. He also pointed out a reality. A number of their shoppers are disabled and they rely on the close-in parking. They get concerns from them because they have to queue

up and wait to access Pier ½. How do they access the market and the Ferry Building if that nearby parking is gone?

Harout Hagopian, Equity Office Regional Director of Operations, indicated that at Equity Office the safety of their employees, customers and general public is of the highest importance so they welcome the Port's concerns as it relates to the condition of Pier ½. The Ferry Building is one of the city's most important projects and certainly a landmark achievement for Equity Office. As stewards of bringing a vision of the fully restored Ferry Building to life, they believe that reopening this building was another step toward restoring San Francisco's most cherished landmark and a new portal to the waterfront. The Ferry Building has become one of the most talked-about buildings in the country because of the multiple public uses, local food artisans and the 120 farmers that are committed to making the Ferry Plaza farmers market the best farmers market in the country. Everyone knows that parking is a mission critical to the success of the Ferry Building and the future of the waterfront redevelopment. He appealed to the Commission for solutions for the repair of Pier ½ as well as a commitment for permanent parking to support the newly created retail district and regional access to the waterfront. They are aware that SWL 351 is slated for future development and that it could be the source of potential permanent parking; however, they are concerned that during the 3-5 year construction period of the project, the Ferry Building will not have any convenient parking available. Before the Port makes its decision to close Pier ½, he implored the Port to continue to work with Equity Office, Ferry Building retailers and CUESA to create a long-term plan for convenient, uninterrupted parking which addresses the needs of all stakeholders.

Bobby Winston indicated that he is not aware just how dangerous the structural condition of Pier ½ is. He honors the staff and their work to make sure that everybody is safe. He owns a store at the Ferry Building. He sell ferry tickets. He's all about public transportation. He has no love for cars particularly. He looks forward to the idea of the waterfront being opened up. His first message is it's very important to know that the Ferry Building is a great success in terms of revitalizing our waterfront. It's a tenuous thing. He urged the Commission not to believe the public relations that it is an extraordinary hyper success. Many of the merchants, not just the farmers market are just hanging on. This parking is a big deal in terms of their ability to keep in business. If the case is a matter of public safety, we've got to obviously take away Pier ½. He urged the Commission to give a real sense of urgency to come up with a solution for this parking. His final point was to urge the Commission to consider the many moving parts in this area right now. The Agriculture Building will have something happening to it because of the piers that WETA is going to put in. With regards to Pier ½, there's talk about a parking garage across the street. He thinks it looks hideous out there right now and this dream of some grand urban park where we now have all the ugly concrete that was designed when the Embarcadero freeway was here. He believes that what we are hearing today about Pier ½ is another reason why we should convene a group of stakeholders, all the group that have an interest in what's going on here such as the environmental community, the merchants, the commuters and the Port to understand all these issues in their whole not out of context and recommend to the Port ideas for a long term, over the 5-10 year horizon

of what we might do with this grand public space. At minimum, it will allow for those whose livelihoods and work trying to make this place a better place depend on parking to better understand issues that he learned so much about just hearing the excellent presentation. Beyond that they could bring ideas and resources to be able to remake this what will become a welcome mat for the City of San Francisco.

Charles Phan, Chef and Owner of Slanted Door Restaurant, indicated that obviously Pier ½ is not safe. It needs to be fixed. At the same time, currently with our economic climate, fuel prices going up, they are getting surcharge from their meat supplier. They are afraid to raise their food prices. The San Francisco Healthcare Initiative, etc. are good ideas but they impact their restaurant especially the minimum wage. It impacts them differently. He understands that a lot of these laws are made for the whole city but at they are in a tough time in terms of the restaurant business. He speaks for practically everybody in the retail side that employs a lot of employees. There are a lot of uncertainty. There is the health care element. They don't know if it's going to happen or not. It's in limbo. Meanwhile, they have to set aside money for that. Folks are already discouraged. They are watching their pockets and not spending money going out to restaurants. They have more problems with parking or more cost of parking. He believes that some of the solutions such as the Maritime Plaza is too far from the diners' point of view. From the shopper's point of view, a lot of farmers completely rely on this market because they have given up going through the wholesale route such as selling to Whole Foods or Safeway. This is the only way to make money. Quite a few restaurants come down to the market and pick a product. We are not talking about 10 tomatoes; they are talking about cases. It's also on the sustainability. This is where he can work with farmers that grow particular produce. He can't go to Whole Foods and ask for 2 inches bok choy but he can go to the farmers market and ask Brandon or Joe to grow a particular produce. That's what makes his restaurant strong and makes his restaurant different than any of the restaurants in the city or in the country. He hopes that the Port find a temporary solution until we find a longer solution. By immediately cutting out the parking, it will do great harm to their business and all the Ferry Building tenants.

Jeannie King, Golden Gate Meat Company, indicated that she agrees with all the previous speakers that the positive aspect to shopping at the Ferry Building and the key to the success for the vendors and the merchants is the volume of shoppers that frequent the Ferry Building. Their product is sometimes very heavy and perishable and easy-in-and-out for their customers is what keeps them coming back. She believes that the ferry parking is essential to the success of the market. They also have a few handicapped shoppers that come in. It would be hard for them to go in and out of the Ferry Building or frequent the Ferry Building as much as they would like to.

Ernestine Weiss clarified her previous comments where she said that on Saturdays, the farmer market people can park at Embarcadero 4 which is empty on Saturdays. Tuesdays is not heavy. There's a garage at Folsom – the above ground garage. She asked if anyone looked into that to see if it's available. SWL 351 could be reserved on certain days if it's necessary. She doesn't know if the Port has taken a survey who the other parkers. She doesn't know if it can be reserved for certain days or hours. The Golden Gateway garage is empty on Saturday. Shuttles are a good idea.

Also the disabled parking can be put on curbside, in front of the Ferry Building, so that they can be easily accessed. This situation was known for a long time and we've not had any long-term planning for when parking would disappear. There's very little space downtown. It's a problem so you would have to do a park and ride situation. There are few options. Also, the Port has several lots past Broadway such as Green Street. Can't that be used for parking? She suggested looking into the different areas to see what we can come up with. Parking is very limited downtown. As far as SWL 351, forget about parking. It's never going to happen. She discouraged building a parking garage under ferry park because it's not feasible. This is not feasible for financial reasons, environmental issues and congestion. We can't go to the Bay Bridge now and we can't have the 600 car garage. It's going to fail.

Commissioner Shakofsky indicated that she received a report from Creegan + D'Angelo, the structural engineers who performed the assessment. From their report, they claim that there was no danger in the total collapse of this structure. Clearly there are structural weaknesses but there are interim measures to be put in place to keep the lot safe and there are longer term measures that totally support the existing parking. They make recommendations for decreasing load limits and reducing the amount of asphalt and they give numbers for those fixes that are fairly minimal. She has a question with the report that was presented today and why the eminent closure of this pier. Mr. Roger replied that from a structural engineer's standpoint, looking at the report, it says that if you reduce the asphalt thickness from 6 inches to 3 or 3.5 inches, it helps. That mitigates the dead load. It goes on to say that still the maximum span of a cap beam, which he showed in one of the slides, should be ten feet. There's quite a few cap beams that span 15 feet; there are 64 according to their table. If he could have an analogy, if you're skiing and you twist your knee and the guy next to you tells you to see a doctor but you keep on skiing, it will get worse. You could repair it to some extent but it's not going to meet public safety codes standards.

Commissioner Shakofsky indicated that the contractors were not suggesting that the interim measures were going to bring it up to code. They were suggesting there are interim measures for the interim period until the structure is demolished at a future date. Mr. Roger explained what he meant by bringing it up to code. Bringing it up to seismic code which most facilities early in San Francisco were not. There is something that we take for granted that if a beam is up to code, we trust that it is and we want a cap beam to be up to code. We are talking about real vertical loads, real dead loads and real live loads. Even if we reduce the asphalt from 6 to 3 or 3.5 inches, we still have 64 cap beams that are working beyond their capacity.

Commissioner Shakofsky indicated that they made suggestions on an interim to replace certain ones. Mr. Roger replied that if you add up all the costs, we will still end up with a $1 million. There's no quick fix like taking asphalt that will help. We're still in a situation where we are parking SUVs and delivery vehicles on beams that shouldn't be spanning 15 feet. Even if we took all the asphalt off, we're still over spanning quite a few of the beams.

Commissioner Shakofsky indicated that the suggestion for that is to decrease the actual load limit by decreasing the vehicle, the axle size. She's suggesting that in her read of the report that there are interim measures that can be implemented. She's questioning the closure. It seems rather a severe draconian posture at this point and time. Mr. Roger indicated that what they are saying about doing the mitigation measures is that you are going to make a bad situation a little bit better but it's still not good.

Commissioner Shakofsky said that the report also states that they do not see a failure mode for this. Mr. Roger replied that is a professional judgment on their part. That shouldn't be closure criteria. The closure criteria should be are beams over spanned? Are things rotting? Commissioner Shakofsky indicated that the closure criteria is whether it's safe or not. Is it safe or not safe? What the report says is it's currently not in a condition of fear of collapse. Clearly there are measures and interim measures that can be put into place to give everybody a higher level of comfort but she does not see in the report any of the concerns that are being expressed here that would force a closure.

Ms. Moyer asked Ed Byrne to explain his professional role. Ed Byrne, Deputy Director of Engineering, indicated that this report was done in a way that we have the facility open today and we're continuing to have that facility open until the middle of September. He believes that the report states that is still ok; i.e. that we are not going to have a collapse in the next 120 days or it may go on a little longer than that but that is not the kind of risk we want to take. This is not an engineering issue whether the lights are not going to go on or it's going to be uncomfortable because the air conditioning is not working. We're talking about a structural failure that could be a real thing. If a beam fails or one of the deteriorated piles fail, we lose a section of the pier. If it's in use, which would probably cause that type of failure, it's likely to impact a significant amount of cars, people, etc. It's a risk that we can't take. The code requires that if we have knowledge of a structure that requires repair, we repair it. That's the way we do it. They are saying that this structure needs repair. We need to repair it. There was a comment about we need to plan for that. Here's a 120-day period that we can go ahead and if there's going to be repairs made, it's a good time to have somebody develop those repairs and a plan to implement it. It can be implemented; it's just a matter of cost. There will be certain amount of time that it will be taken out of use. He does not see the repairs happening with the current use on them even if we're tearing off half of the asphalt. We still have to take it out of use. Maybe it's time to plan that. We can get some engineering studies. This engineering study is not complete and it describes a couple of things. It doesn't describe the complete detailed repair of the pier. It didn't do any testing of the elements that compose the structure. It was basically a visual assessment of what exists out there and they did some calculations. Those calculations were based on the wood and the steel having properties that are the engineering properties out of a code book that deal with new pristine materials. What we have out there does not qualify as that either. Unfortunately, we did not invest enough time to test the materials but do mention it in the report. Several of the cap beams are soft which implies that is what they used in that report to develop their span capacity which worries him considerably. However,

he's believes that we are ok for the next 120 days. To extend it beyond that, it would not be in the best interest of the Port.

Commissioner Shakofsky indicated that it seems 120 days is arbitrary. Either it's safe or unsafe. The Port's own consultant states in the report that the pier is in no danger of total collapse but in time might experience local failures and they go on to provide several intermediary and long-term measures to make it safe. Mr. Byrne indicated that is enough for him to understand that there's a problem with the pier and that we need to do some type of repair. In order to do that, we need to develop plans. In the mean time, in his assessment a local failure is not a good thing. It's not something that we want to happen. It's an indication that the facility, the structure is not supporting its current use. Commissioner Shakofsky indicated that one can argue most of our properties are in similar conditions. Mr. Byrne replied that when staff did the rapid assessments all of our facilities and found unsafe conditions, we've addressed them.

Commissioner Shakofsky asked if these can be addressed. Mr. Byrne replied that they can be but we need to do that immediately.

Commissioner Brandon interjected and indicated that we are talking about two issues which are funding and BCDC. Our strategy should be to direct staff to come back within the next two weeks or a month with how much it would cost to repair for a year, for 5 years, for 10 years and an opinion from BCDC of when we are going to have to demolish the pier and if we should spend that money. Mr. Byrne replied that we can certainly do that. It's difficult to come up with repairs that are only going to be a 1 or 3 prescribed year but something that is going to be safe for its continued use as a parking lot.

Commissioner Lazarus asked for clarification if Mr. Byrne is saying to go ahead and issue the closure notice so that we can get the clock ticking. Commissioner Brandon indicated that they cannot put their name on keeping the pier open. Ed is the Chief Engineer and he is responsible.

Ms. Moyer indicated that it would be clear for everybody to clarify what it means that Ed is the Chief Harbor Engineer under the Charter. We are here to tell the Commission what action he is thinking with respect to his assessment as the sole person at the Port with the liability and his license on the line We are not asking to opine whether that is the right closure notice. Ed wanted to issue it but we thought in fairness to the public, we would have this hearing. We've had conversations with many of the stakeholders for many months. This conversation did not just happen today.

Mr. Byrne indicated that his obligation is to make this place safe as much as possible and that's what he is trying to do.

Commissioner Brandon indicated that they appreciate the informational presentation but they can request additional information to find out if there's someway they can

help him to make it safe. Mr. Byrne indicated that the BCDC issue, there's a lot of other surrounding issues. We can come up with plans to repair. The code is going to prescribe certain minimal amounts of repair that we will need to do.

Commissioner Brandon would like to know how long we can do it without creating the seismic upgrades, if any. If we can't, that's another issue. Mr. Roger added that if we start repairing 64 cap beams, more than likely it will trigger seismic upgrade.

Commissioner Shakofsky asked about the financials. She asked who operates that parking facility. Mr. Stern replied that it's part of the 2001 parking agreement between the Port and the Ferry Building. EOP, the Ferry Building operator, operates both the parking at Pier ½ and SWL 351. It has a certain amount of revenue. It's different from our other parking agreements where we capture two thirds of the non-tax revenue, the net revenue that comes from that pier. We get a certain amount of rent from it but most of the revenues are recaptured as part of the Ferry Building lease. It's also important to note that most of our parking deals are for meter striped spots. Because of the valet style of operation, it's relatively expensive to operate. He is opining without knowing the exact numbers that the net revenue that comes off that pier in total is much smaller than other parking operations. Commissioner Shakofsky asked if it is not making any profit. Mr. Stern replied that he thinks it is making a profit. They are paying rent. It's not losing money for the Ferry Building. It's clear that their primary goal in operating it is in support of the businesses within the Ferry Building. That being said is the revenue that's coming off it can be used as a contribution. Perhaps EOP are better equipped to answer that question but he believes that there are net revenues on the operation side.

Commissioner Hardeman suggested bringing in C.C. Myers; give him a half a million dollars. He'll make $250,000; spend $250,000 and it will last forever. It's a fact; it's not a joke. He can do it. The guy knows what he's doing; he's proven it. He wished that C.C. Myers had done the Illinois Street Bridge.

Commissioner Brandon asked Mr. Byrne to look into it. She thanked staff for the presentation and look forward to working with Equity Office, Ferry Building tenants and farmer market tenants in resolving this issue. It looks to her, even if she's not an engineer, those pictures are pretty scary. Either we do some upgrades and fix it or close it in September. She hopes that staff will come back with an informational presentation on what options we have, and who's working with us to get this done.

Mr. Byrne reiterated that the plan is to send out the 120-day notice tomorrow. Commissioner Brandon indicated that we need to start a long-term planning for ultimately where the new parking is going to be. Ms. Moyer indicated that we have started but we haven't managed to come up with a solution. You saw today the bulk of ideas we started working on. There's some significant room in Embarcadero that could be used in a different way. It's not particularly efficient at the moment.

Commissioner Brandon asked about the marginal wharf – how many cars will be able to park there. Mr. Stern replied that there is a significant amount of area that is currently part of the parking area that is not slated for closure. We estimate 13 spaces that could be traded or could remain there. It's possible that these could be used for valet staging operation or possibly for handicapped parking. There's a number of choices. Commissioner Brandon asked how many spaces are available curbside. Mr. Stern replied that the white zone in front of the Ferry Building has approximately 30 spaces.

C. Request authorization for a contract modification to the Illinois Street Intermodal Bridge South Approach Contract No. 2709 with Stacy and Witbeck, Inc., to increase the contract amount by $74,368 to a total of $4,966,242. (Resolution No. 08-31)

Kim von Blohn, Project Manager, indicated that this project is the southern approach of the Illinois Street Bridge which includes both street and railway work. The project achieved substantial completion on March 21, 2008. Punch list corrections are in progress. In April, the project team ran a test train across the bridge. At the last presentation, he informed the Commission about a couple of hurdles in front of us. One was the tie-in of the train control system to the Muni system on Third and Cargo Way. The other issue was completing some final work on the auxiliary water supply system which entailed rerouting some utilities and additional valve installed as requested by the San Francisco Fire Department. Staff worked with Muni to come up with a solution that was acceptable to both Muni and Port systems. The original plan was to integrate the two systems so that trains coming off the Quint Street Lead could cross Third Street and Illinois and Amador Street without making an additional stop. Muni was concerned that adding the additional complexity into the control system could create problems for them. They have a lot of problems with that intersection with the control systems. It has interface with the draw bridge, the Muni train down Third Street, the traffic and the Union Pacific train coming through. At their request, we've developed a separate system for the Illinois Street intersection. We've negotiated this change order with the contractor for $83,834. After that change order, we're left with only $20,000 in contingency funding. The additional funding is required to complete the auxiliary water supply system. There's a valve that the Fire Department would like to install. There's additional contaminated soil that has to be removed. We've removed a lot of contaminated soil on this project and it's been expensive. We're asking for an additional funding of $74,368 to complete the water auxiliary supply system and to do some minor electrical work. We will recoup the cost of installing the valve from the fire department. In addition, Port's asking for another $20,000 in contingency funds to be utilized for any future and unforeseen work. This additional funding will come from the Port operating budget. The good news is we plan to complete testing of the bridge and the train control systems this month. Barring any unforeseen problems, we should be operational in June.

Commissioner Brandon asked if the additional $83,000 is for a valve. Mr. von Blohn replied that the cost to install the valve is $15,000. Commissioner Brandon asked if they are going to repay the Port. Mr. Von Blohn replied affirmatively. The rest of the funds will be used for removal of the contaminated soil. There's an adjustment on the

height of the water line to avoid unforeseen facilities. There's some electrical work related to the train control system that needs to be implemented.

Now that the system is working, Commissioner Brandon asked if Mr. von Blohn foresees any more modifications. This contract is 25% over budget. She's having a hard time continuing to support this project. It's the never ending train. Mr. von Blohn replied that this has been the project caught between the railroad and utility systems which is one of the worst places for the project management to be. We've had a lot of unforeseen utility work that we had to do. We had contaminated soil that far exceeded any of our estimates. Every time, we stuck a shovel on the ground, we found more contaminated soil, more unforeseen utilities. It's been a challenging project.

Commissioner Brandon indicated that anybody that has done work out there would know that there is contaminated soil. She asked if this is the last change order and the bridge can be operational in the very near future. Mr. von Blohn replied that he hopes this is the last change order. He's also requesting for $20,000 contingency funds for any unforeseen problems.

ACTION: Commissioner Lazarus moved approval; Commissioner Fong seconded the motion. All of the Commissioners were in favor; Resolution No. 08-31 was adopted.

10. REAL ESTATE

A. Informational Presentation Regarding Options for a Request for Proposals for a Concrete and/or Asphalt Batching Plant at Seawall Lot 352 with a Bulk Maritime Terminal at Pier 94.

Brad Benson, Special Projects Manager, indicated that he will be making a brief presentation about a leasing opportunity before the Port at SWL 352 including a portion of Pier 94. Since 2000, Piers 92-94 bulk terminal has been a good success for the Port. We import aggregate from British Columbia through Pier 92 and 94. Hanson Aggregates operates a sand mining operation. We have 23 acres under lease to three firms: Bode, Cemex and Hanson. Projected revenues are approximately $3 million. This represents about 90% of our shipping activity at the Port with 1.3 million metric revenue tons from those terminals. It's been a successful business model for us. The cement batch site was approved by the Port Commission as a cement batching operation in 2000. It was under construction to become the third cement batching operation on Port property. As the Commission and the public know, the Port got into a legal fight with that tenant which was resolved this past year. The Port has possession of the premises. The transportation characteristics of this site are excellent and have great water access, rail access, easy access to 101 and 280. It's some of the best industrial land in San Francisco. Port staff are outlining two potential leasing options for this facility, both similar business models - concrete batching and asphalt batching. Staff is recommending competitive solicitation for either concrete or asphalt batching operations for the following reasons: We previously leased this site for a batching operation. The private market has been expressing strong interest. Three of the four respondents to the construction materials recycling RFP proposed an asphalt

batching operation. We know that there are several large concrete batching out there that are interested in bidding on an opportunity for the Port. We talked about the successful track record of this business model. We've exhaustively analyzed these uses in the Southern Waterfront EIR and subsequent addenda. We know this business model well from an environmental impact perspective. We made a presentation at the Southern Waterfront Advisory Committee on this subject twice. There seems to be strong support at SWAC for issuing an RFP for these opportunities. There are a number of ways that we could formulate competitive solicitation. One is a straight up leasing opportunity which is what we have done in the past. Two would be to contemplate a leasing opportunity that would have a companion long term supply contract for concrete for City public works project. That is something that we would have to negotiate in consultation with DPW and the City Purchaser. The third opportunity relates to asphalt batching and would be similar to a leasing opportunity with a long-term supply contract for asphalt. The City contemplates such long term contracts with an existing Port concrete batching tenant such as Bode or Cemex. The site is approximately 200,000 square feet of land. There's almost 6,000 square feet segment of land leading to the Pier 94 berth for a conveyor system and non-exclusive access of the deep water at Pier 94. Staff has conducted preliminary batching market analysis for San Francisco. Private construction in the City is $1.6 billion a year representing about two thirds of market activity. Public project represent about $800 million a year. We are going to see that increased to almost $1 billion a year over the next ten years according to the City's Capital Plan. For asphalt, the City Capital Plan estimates 400 city blocks paved annually for each of the next ten years with 35,000 to 45,000 tons demand for asphalt. That is exclusive of other city departments who are major users.

There's a predicate to this concept of leasing for an asphalt batching operation. The City has not made a decision to close its municipal asphalt plant. The City has run a municipal asphalt plant since the turn of the last century. This current plant was built in 1959 and last rehabbed in 1989. It's a very old plant. Consultants are estimating that it could face a critical failure in its equipment this current year. DPW staff are concerned about its viability. It's close to the residential community. There are those that would like to see it closed down and moved farther away from the residential community. It has limited asphalt recycling capacity. The maximum recycled content capacity for asphalt going into the plant is 15%. Newer plants can take almost half as recycled content. That is important for the Port to think about mainly in terms of the construction materials recycling opportunity discussed in other meetings. Having a market for recycling asphalt could make that operation more viable.

There are a number of environmental considerations that we would consider with any batching operation. There's also the ability to recycle on the concrete side of the equation into non-structural applications. Green house gas production is one consideration with concrete. Cement creates a measurable percentage of the green house emissions and there are alternatives to cement. We are very familiar with dust control, odor control and emission reductions related to our industrial operations and we want the best management practices associated with that. Some of the RFP objectives are: We want an experienced operator. We want to maximize rent to the

Port. Meet some of the environmental goals of the City and the economic development objectives of the southern waterfront community.

The proposed process would be subject to Port Commission authorization. Staff intends to come back to the Commission at the May 27, 2008 meeting for authorization. We would issue an RFP in early June with key lease terms and advertise the RFP with a submittal deadline next fall and hope to be back to the Commission by December of next year to select a single respondent for exclusive negotiations. In the interim, we would continue to consult with the DPW, Board of Supervisors, the Mayor's office, and the City Purchaser about this issue related to the municipal asphalt plant and whether or not that will keep on operating.

Mr. Benson indicated that the Director of Public Works, Ed Reiskin, offered to come to the Commission but Douglas Legg, DPW finance manager is here if the Commission has questions about the municipal asphalt plant.

Commissioner Hardeman indicated that with only 400 blocks a year, we're going to be nowhere in ten years. It's incredible that we're so far behind in our street repaving. It's absolutely not DPW's fault because the Board of Supervisors have pilfered that money that was assigned to that fund. Mr. Legg indicated that they welcome the Port's support to increase the amount of money available for street resurfacing in the city. It is indeed a crisis and they appreciate the Port's support.

Commissioner Brandon indicated that the asphalt plant is being run now. If the City decides not to get out of the asphalt business, she asked what would happen with our RFP. Mr. Benson replied that the way we would propose structuring the RFP is that respondents could bid on either the concrete batching opportunity or the asphalt batching opportunity. We would make clear disclosure in the RFP that the City has not made a decision to close its municipal asphalt plant and the Port would be unlikely to enter into an asphalt batching lease unless the City makes that decision first. Commissioner Brandon asked if they are considering closing it or are they going to make the decision within the next year. Mr. Legg replied that DPW did a study last year about their asphalt plant. They found that it was more expensive for them to be producing their own asphalt inside the city. They have grave concerns about the reliability of the current plant. They don't have any proposed funding to replace the plant or renew if it does have critical breakdown. The reason they didn't recommend closing the plant a year ago is that there are very few alternatives for getting asphalt that are nearby. There's only one fully functioning plant within reasonable travel distance. It's a plant in South San Francisco. They are concerned about getting into a situation where they can't get asphalt when they need it and they have idle paving crews because the other plant is busy or has a major contract with CalTrans or the airport. He thinks that should there be an interest in an asphalt batching plant that they would learn about through the Port's RFP. That would speed the process along for making a final decision. It is critical that we have asphalt that is nearby. It's critical that they have some kind of guaranteed supply especially if there were another earthquake or similar emergency. At the asphalt plant they have provided thousands of tons in asphalt to repair damaged streets and sewers at South of Market and the Marina. We don't want to be in a situation where we don't have a way of repairing

our streets in an emergency. If we did have a plant in the City accessible with good transportation, it would be a good opportunity for them.

Mr. Benson indicated that in their conversation with policy makers at the Board of Supervisors about this issue, the responses to this RFP will be one factor in their considering whether to close the current municipal asphalt plant.

B. Request approval of a Memorandum of Understanding (MOU No. M-14549) between the Port of San Francisco and the City Department of Public Health for the use of Pier 48, Sheds A and C, with a waiver of all fees for Project Homeless Connect events on June 5-6, 2008 and December 1-4, 2008. (Resolution No. 08-32)

Susan Reynolds, Deputy Director of Real Estate, requested approval of the MOU between the Port and the City Department of Public Health for use of Pier 48, Sheds A and C with a waiver of fees for Project Homeless Connect on June 6 and in December. We are also allowing days for load-in and load-out. Project Homeless Connect is an event that has been going on since September 2004 to outreach to our most underserved citizens of San Francisco. Traditionally, it happens at Bill Graham auditorium but it is currently under renovation. The Dept of Public Health has reached out and looked for an alternative space. Because of budget restrictions, most of their activities are done with volunteer and pro-bono services. The project has grown substantially over the years. They've asked the Port to participate in these two events. It is estimated that there are 6,000 to 12,000 homeless people in San Francisco. Some of those are on Port property. It's a good opportunity to outreach to some of our neighboring homeless and resident homeless on Port property. She emphasized that this is a citywide community benefit that Port staff felt that it was in good faith to participate with our neighbors to both allow them to use the shed for the event and to waive the fees.

Commissioner Hardeman asked if we've included the signage. His union would probably volunteer to do the signage since they generally do the signage. He asked if Ed Byrne's group is assigned for the permits. Ms. Reynolds indicated that the Department of Public Health has already requested the permits for that day. Ms. Moyer asked for clarification if the Commissioner is referring to a waiver for the signage or including the signage in the resolution. Commissioner Hardeman replied that if they ask to do signs, we don't have to get into the technicality to get signs. There will have to be signs outside the pier and signs along the way directing people how to get there. They will be lost. Unlike the Bill Graham Auditorium, they will be confused about Pier 48. Ms. Reynolds indicated that most people who come are ushered through.

Ms. Moyer indicated that the second to the last resolved of the resolution waives all fees which include permit fees. If the Commission approves the resolution, we would require the permit but we won't charge them for it. Ms. Reynolds added that there will be no additional fees.

Commissioner Shakofsky asked how many actual clients came through the Bill Graham Auditorium in past years. This seems a little far flung. The Civic Center

makes sense for the operation and service center. She asked how the homeless will get to Pier 48. Ms. Reynolds replied that there are outreach teams and vans that go around and pick them up. They will be brought to Pier 48 like they were brought to Bill Graham. Commissioner Shakofsky indicated that at Bill Graham, they can walk and can take Muni. Ms. Reynolds added that most of the participants are brought by vans or by the agencies of the community based organizations that serve this population. This serves two purposes as the City leaders that promote this also believe that because it has been at Bill Graham, there's a concentration of Tenderloin and mid-Market constituents that get served. At the request of some of the Supervisors such as Supervisor Maxwell they would like to see these services come to other neighborhoods. This is a good opportunity to do that. There's not a lot of space throughout the city that allows for this type of huge operation.

Commissioner Shakofsky asked how many homeless clients the Department of Public Health put through this program. Ms. Reynolds replied that from personal experience, it's approximately in the thousands.

Commissioner Brandon indicated that we have to move a homeless encampment to make Parking Lot A. They know how to get there.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 08-32 was adopted.

11. FINANCE & ADMINISTRATION

A. Request approval of the Memorandum of Understanding between the Port of San Francisco and the Municipal Transportation Agency (SFMTA) to purchase and install multi-space meters on Port property, maintain the multi-space meters, and collect and count the coins from the Port's multi-space meters. (Resolution No. 08-33)

Tina Olson, Deputy Director of Finance and Administration, indicated that the Port did the pilot project last year on Port property in two phases. In one phase, we put sensors down on parking spaces in different areas of the Port. They can tell when a vehicle is in the parking space 7 days a week, 24 hours a day. We did that for three months starting in August. Starting around November-December, we've put multi-space parking meters. Five different vendors joined the pilot program. The multi-space parking meters take credit cards and coins. The Port Commission approved the change in pricing for three months from $2.00 an hour from 7 a.m. to 7 p.m. to $3.00 for the first hour; $3.00 for the second hour; $4.00 for the third and $5.00 for the fourth hour. We wanted to see what would happen with our revenues. What would happen to the demand for on-street parking and what kind of compliance we would get if we introduce a credit card. Overall, we had about 25% increase in our revenues and we took out the meters that had a lot of equipment failures during the pilot program. We had about 37% increase in revenues. We found that the demand didn't change. Pricing did not affect people's parking behavior at the Port. We realized that we need a longer term period to test the price. Three months was not sufficient to test the program because people may not come back to the Port in that period of time. We

also learned that we need to partner with MTA with the Port's parking meters along the Embarcadero and a few of the streets. If we have to do a full on-street parking project looking at pricing, we would need to bring in MTA because they have more meters than the Port. Last year, we started with the MTA embarking on drafting an RFP to purchase the multi-space meters. They've decided they're not ready for that as they were still paying off their single space meters. They also learned that they will get $18.5 million from federal funding to do congestion parking pilot projects. One of those projects would be on-street parking meters such as the purchase of multi-space stations and sensors and they are also going to do some parking garage projects with that funding. They need to get it done quickly. They suggested using their existing contract with Serco. Serco is a contract they use to collect and count coins. They also procured their existing meters through that contract. They suggested amending the contract so that the Port can buy their multi-space pay stations and can amend it to purchase all the equipment they need for the $18.5 million federal grant and we'll do it all together. They have a project called SF Park and they have identified the different zones where they would put the pay stations and some are contiguous with the Port. AT&T ballpark would be one area. Ferry Building and Fisherman's Wharf would be an area. We now have a program that includes Port meters and MTA meters and we have a contract to purchase those meters and it's before the Board of Supervisors. It will be presented to June 3rd at the Government Audits Oversight Committee. For us to purchase those pay stations, we need to enter into an agreement with MTA. We've also decided that we should transfer the responsibility for managing the Port's meters to MTA. They have a big meter shop and we have a small one. Particularly with these new complicated meters, it seems that it would be better to have that kind of expertise on hand. We're proposing to transfer our one filled permanent position to MTA. They will assume that responsibility. The Serco contract would do the coin collection and counting. We don't know how much we will have of that with these meters. With the pilot program, it indicated that 75% of all the transactions were with credit cards. She does not know how much we're going to have with coins going forward. We've negotiated with MTA and Serco the different pricing for 2008-09. We've put the $382,458 into the budget. We've also have to pay a wireless meter management system fee because the new meters will be all in one server. That's how the credit card transactions will be done. Included in the MOU and in the contract with Serco that we could buy up to 150 pay stations but we only need 125 pay stations to replace the existing 1,000 single space meters. With the development happening at the southern waterfront around Illinois Street, we might want to expand our on-street parking. We built in a little bit flexibility to allow us to do that. We have on our budget $1,097,348 to buy the 125 pay stations. We've also included in our budget about $500,000 next year in additional revenues associated with the pay stations, assuming we are going to do game day pricing in the AT&T ballpark area and increase parking similar to what we did during the pilot program. She used the revenues we received from the pilot program and projected them forward and cut them in half. It's a two-year MOU because the contract with Serco is for two years. We've decided not to go farther than that. We'll come to the Commission after the two-year contract when MTA needs to rebid the Serco contract. She indicated that Sonali Bose from MTA has been a solid partner as MTA has been in this whole project.

Commissioner Hardeman asked if we would also have night game parking. Ms. Olson replied affirmatively. The night game parking would be around $20 because that's what surrounding lots are charging, They would have to pay $20 when they park on a Port parking spot or an MTA parking spot for game days.

Commissioner Shakofsky commented that's a lot of quarters. Ms. Olson indicated that they could use credit cards and it will also accept the city's smart cards. Commissioner Shakofsky asked if it will be programmed during game days. Ms. Olson replied that we could do essential programming so we can change the rates. Part of what we will do with congestion pricing is play with the rates. We can program $20 for game days. We know the games in advance every year so it can be set up. For congestion parking, we can play around with the pricing to get it just about right. We usually aim for about 85% occupancy. It's a real tool to play with the pricing.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 08- 33 was adopted.

B. Request authorization to amend the Port's Contract with the San Francisco Conservation Corps (SFCC) to increase the contract by $50,000 and to extend the expiration date by three months to September 30, 2008. (Resolution No. 08-34)

ACTION: Commissioner Lazarus moved approval; Commissioner Shakofsky seconded the motion. All of the Commissioners were in favor; Resolution No. 08-34 was adopted.

12. NEW BUSINESS / AGENDA SETTING

Executive Director Moyer indicated that the peaker plant item that was presented at the Board of Supervisors today was held over. It will not be presented to the Commission at the May 27 meeting. PUC has been asked to look at different alternatives to present back to the Board of Supervisors. They've asked the Port to target our June 10 meeting for that item. At the next meeting, staff will be making an informational presentation regarding our annual rate setting. Staff will also make an informational presentation with respect to the development criteria and RFP issues related to SWL 351.

13. PUBLIC COMMENT

14. COMMUNICATIONS

15. ADJOURNMENT

ACTION: Commissioner Lazarus moved approval to adjourn the meeting and reconvene in executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

At 5:55 p.m., the Commission reconvened in executive session.

ACTION: Commissioner Fong moved approval to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Fong moved approval to not disclose any information discussed in executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commission President Brandon adjourned the meeting at 6:29 p.m.

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PORT COMMISSION

MAY 27, 2008
MINUTES OF THE MEETING

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AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
MAY 27, 2008

1. CALL TO ORDER / ROLL CALL

Commission President Kimberly Brandon called the meeting to order at 2:01 p.m. The following Commissioners were present: Kimberly Brandon, Rodney Fong, Michael Hardeman, Ann Lazarus and Stephanie Shakofsky.

2. APPROVAL OF MINUTES - May 13, 2008

The Commission Secretary announced that Commissioner Hardeman made an amendment to the minutes. Page 15, second paragraph, first sentence should read, "Commissioner Hardeman indicated that his thoughts are towards the Oracle event which draws 45,000 people and leaves 70-100,000 million dollars behind."

ACTION: Commissioner Hardeman moved approval of the minutes as amended; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor. The minutes of the May 13, 2008 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

At 2:02 p.m., the Port Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Pier ½
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Equity Office Partners: Harout Hagopian

b. Property: Pier 80

Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*PortsAmerica (formerly known as Marine Terminals Corp.): Don Wylie

c. Property: Piers 15/17
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Exploratorium: Dennis Bartels

5. RECONVENE IN OPEN SESSION

At 3:20 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Fong made a motion to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Fong made a motion to not disclose any information discussed in executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

The Commission Secretary announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

A. Executive Director's Report - Executive Director Monique Moyer reported the following:

- Annual Potrero Boosters Dinner – May 27, 2008 from 7:00 to 9:30 p.m. at UCSF Mission Bay Conference Center: The annual Potrero Boosters Dinner is scheduled for tonight beginning at 5:30 to 9:30 p.m. at the UCSF Mission Bay Conference Center at 1675 Owens Street. At the dinner, they will install the new Executive Committee and recognize some of the hardest working people who volunteer as part of the Potrero Boosters. The Boosters is one of the oldest neighborhood associations in San Francisco. They were founded in 1926 and are celebrating its 82nd year of service. Their mission is to protect and improve the district, to review and study zoning, planning, improvement and development programs to promote the best interests of the Hill. She indicated that members of the Boosters attend Port meetings on a regular basis and are very grateful for some of their volunteer work on our Central Waterfront Advisory Group.

- SPUR Bay Discovery Cruise – June 2, 2008, 5:30 p.m. reception, 7:00 p.m. cruise: This year marks the 10th Anniversary of the SPUR Bay Discovery Cruise aboard the elegant San Francisco Belle. There will be a reception at 5:30 p.m. at Pier 3 and the boat departs at 7 p.m. sharp and returns at 9 p.m. sharp. Take in San Francisco's amazing waterfront from a fresh perspective as you cruise south along the coastline for a close-up view of the many changes occurring along our waterfront. This particular tour will run the shoreline from Pier 3 to Mission Bay with a stop in McCovey Cove during a Giants' game.

- KKSF Sunday Brunch Program at Fisherman's Wharf: This summer, the Port will partner with the Fisherman's Wharf Community Benefit District to sponsor the KKSF (103.7 FM Radio) Smooth Jazz Sunday Brunch at Fisherman's Wharf. Every Sunday starting June 1st, they will have a jazz brunch series between the hours of 11 a.m. to 2 p.m. Every month, one of the Fisherman's Wharf merchants will participate in the series. The participating venues are:

June	Alioto's
July	Castagnola's
August	Hilton Hotel
September	Bistro Boudin's
October	Cioppino's
November	Capurro's
December	Fog Harbor (PIER 39)
January	Neptune's (PIER 39)

  The Port will be featured on promotional spots each month as well as receiving two 60 seconds "live" on-air interviews per month. This is a great chance for us to talk about many of our issues such as the history of the Port, Facts About the Port, the Cruise Business at the Port, the GO Bonds, etc. She commended Renee Dunn for her work in getting the Port involved in this important series.

- Pier 52 Public Boat Launch Grand Opening – June 14, 2008 at 11 a.m.: She was asked by Corinne Woods to promote the June 14th ribbon cutting ceremony of the Pier 52 boat ramp. It will be officially reopening. It looks remarkably different from what was there before. Kudos to our engineering staff and our contractors. The event starts at 11 a.m. Both the boat clubs, the Mariposa Hunter's Point Yacht Club and the Bayview Boat Club, will have open houses. Corinne is working hard to entice a marching band to the event.

- SWL 337 RFP: The Request for Proposals for SWL 337 has been issued to the two short-listed development teams. The proposals are due on August 27, 2008. There will be a presentation to the Commission targeted for the September 9, 2008 meeting and a public workshop anticipated for September 15, 2008, similar to the workshop that was done on the RFQ. We expect that review and discussion and scoring will result in staff being back before the Commission on an informational presentation at our December meeting and back for an action item at our January meeting. She commended Diane Oshima, Phil Williamson,

Jonathan Stern, Byron Rhett and others for their great efforts. We look forward to getting the submittals at the end of the summer.

- Tina Olson, Deputy Director of Finance and Administration, on Friday, May 23, 2008 was named Alumnus of the Year by San Francisco State's Department of Public Administration. Tina has been recognized for all the great work that she's done not only on the capital plan but with the GO bonds. She couldn't have achieved all that without the Commission's help.

B. Informational Presentation Regarding the Proposed Charter Amendment Related to Pier 70 Redevelopment

Brad Benson, Special Projects Manager, apprised the Commission about a proposed Charter amendment that was introduced at the Board of Supervisors by Supervisor Maxwell, representing District 10, for the November 2008 ballot. We are in a two-month window of time during which the public, the Port Commission and staff have an opportunity to comment on the proposal. It would take six members of the Board of Supervisors to submit the charter amendment for the November ballot. Last year, he was honored to serve with Commissioner Lazarus, other Port staff and a number of folks in a SPUR working group that examined the waterfront and some of the financial and regulatory hurdles that the Port faces. This proposal arises out of that working paper, which recommended that for places like Pier 70 growth and taxes be captured to make public improvements.

Pier 70 is a 65-acre site on the central waterfront. It's a brownfield site. It's poised after the build out of Mission Bay to become one of the City's most unique new neighborhoods. Port staff and tenants want to retain BAE Systems operating the drydock on a 16-acre leasehold. The State's Historic Preservation Office and the Port have identified 40 historic resources that collectively are eligible for listing on the National Register of Historic Places as a district. Since 2006, Port staff have been working with the Commission and the community in a master planning process that is expected to be done at the end of this year. The major objectives are continued ship repairs, creating a national register district, pursuing compatible in-fill development, creating exciting new waterfront open spaces, integrating with the surrounding neighborhoods in the central waterfront, finding public financing and a development phasing schedule.

Mr. Benson talked about the underlying private/public partnership concept in the Waterfront Land Use Plan (WLUP). The Port relies on private development partners to provide private equity for our projects. The return on investment required for these projects tends to increase as entitlement risks for project increases. The number of discretionary approval and the time required for those approvals by policy bodies of the city or our regulatory partners can increase entitlement risk. Public consensus will result in reduced entitlement risk. One of the ways we have been seeking to reduce entitlement risk at Pier 70 is to bring public financing like the GO bond financing for the waterfront park concept at Pier 70 to the extent that increases in the public benefits of a project tend to reduce the entitlement risk.

There are 12 approvals by 8 regulatory agencies. The approvals will take years which means there is significant entitlement risk for Pier 70 and a good portion of this proposal is aimed at reducing that entitlement risk. Staff know that there will be extraordinary cost in the form of seismic retrofit and historic rehabilitation consistent with Secretary Interior Standards. There's also quite a bit of known environmental contamination at Pier 70 due to the former industrial uses that will drive up the costs. This is not an average development project. The proposed charter amendment was introduced on behalf of the Port by Supervisor Maxwell, co-sponsored by Supervisors Ammiano and Alioto-Pier that provides two new tools for Pier 70. Currently under the charter, the Board of Supervisors has to approve all Port leases that are not maritime leases. That lease approval typically occurs at the very end of a project. This charter amendment will give the Board of Supervisors the option to approve a Pier 70 plan instead of the lease approval. That could happen earlier in the public process and reduce the entitlement risk. This will provide optional new financing for waterfront parks, maritime terminals, environmental remediation and historic rehabilitation, all things that we expect to pursue at Pier 70. This optional new financing tool works in the following way: The Port would have to demonstrate to the Board that lease revenues and property tax growths are not sufficient to fund public improvements. After meeting that test, the Controller and the tax collector would measure growth in payroll and hotel taxes expected from Pier 70 and the Board could finance waterfront improvements up to 75% of that projected growth. The general fund would still see some benefit from tax growth in Pier 70. There would be a maximum 20-year financing period. There are a few technical provisions to the measure. It would allow the Port Commission to enter multiple year agreements with other City departments and modernize the flow of fund provisions of the Charter in anticipation of issuing bonds next year. Port staff will pursue broad public outreach going forward. Port staff is holding a public workshop with the Central Waterfront Advisory Group on May 28, 2008 at Pier 1. Port staff expect to come back to the Port Commission for policy direction at its June 10, 2008 meeting. The first of many meetings at the Board of Supervisors would be June 20, 2008.

Commissioner Lazarus appreciates the presentation because she liked the way Mr. Benson was marketing the project. She thanked Mr. Benson for the innovation and creativity that he and other Port staff continue to bring to these projects. Since she's been on this Commission, staff has come up with a series of proposals to look at the Charter, to look at State legislation, whatever it takes to uncover pots of money that will enable these projects to go forward. She knows that Pier 70 is one of the piers that everybody is most excited about and one of the biggest nuts to crack financially. She thanked Mr. Benson for his continued dedication to figuring out new ways to get things done.

Mr. Benson thanked the staffs from the Planning & Development Division, Finance and Administration Division and particularly Robert Bryan and his staff who have put up with him over the last couple of years.

Commissioner Brandon concurred that this is great work. She announced that the next Pier 70 workshop is scheduled for July 17, 2008.

8. CONSENT

A. Request authorization to issue Request for Proposals for a Concrete and/or Asphalt Batching Plant at Seawall Lot 352 with a Bulk Maritime Terminal at Pier 94. (Resolution No. 08-35)

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 08-35 was adopted.

9. PLANNING & DEVELOPMENT

A. Informational Presentation on SWL 351 Development Criteria (The Embarcadero at Washington Street).

Kathleen Diohep, Planning and Development Division, indicated that included in the staff report is a compilation of work that staff have done over the last nine months. In February, staff made a presentation to the Commission and made a recommendation to move toward a development solicitation after undertaking an outreach process. At this time, staff are proposing draft development criteria for SWL 351 for discussion by the Port Commission and asking for direction on next steps for this site. She will provide an overview of the area, draft development objectives, summarize some of the key points of the community input we received, talk specifically to some of their request for open space on this site, walk through the time line of where we've all been on SWL 351 and present policy choices for the Port Commission. She indicated that the Mayor's office staff is also here and we've coordinated with the Planning Department on this project. She acknowledged Danielle Borden, Port Planning intern, who, over the last year, did a lot of graphics on this project. SWL 351 is the Port controlled and owned parking lot, roughly two thirds of an acre. A lot of the things that were discussed with the Commission in February were the development potential for this site, what the Waterfront Land Use Plan calls for, the constraints of this site and the opportunities. It's important to understand that the Port does not own nor controls the tennis club next to SWL 351. The tennis club site is being considered for reuse and redevelopment which will affect the Port. We're talking about this in part because of the plans for change by our neighbors but the Commission can only address the SWL 351.

The Port Commission should be proud of the magnitude of things that the Port has accomplished at the Ferry Building, the reconnecting of the City with the waterfront, opening up the Embarcadero and the Ferry Building. To step forward, in the Ferry Building Area in the Waterfront Land Use Plan, there is only a couple of undone projects called for: SWL 351 and redoing the Agriculture Building and the removals of Pier ½ and Pier 2. To a large extent, the Port has accomplished much of the goals laid out in the 1997 Waterfront Plan in this area.

The proposed development objectives for SWL 351 are: (1) design; (2) the development program; (3) the land uses; and (4) finance. SWL 351 is a fairly constraint site. We want to put out a development RFP that would excite people about

this phenomenal location on the waterfront that gives them enough flexibility that they could respond and address the site. With respect to design, we took many of the cues from the Waterfront Design and Access Element, to reflect Embarcadero, to open Jackson Street and enliven with street activities. The height of the building has been one of the most controversial on the design side. Staff are proposing that the height be in context with the neighborhood's range of heights: Embarcadero Center at 550 feet, the bulkhead buildings at 40 feet. Staff's proposal, specifically as a design objective with respect to height, is to build height and massing that fits within the neighborhood context formed by the Golden Gateway apartments, which are 220 feet, and the heights of the historic Piers 1 through 5 bulkhead buildings, which are 55 feet at the top of the arches and 38 feet to 40 feet along the bulk of the bulkhead buildings. On the development program, we are calling for use that brings people down to the waterfront for public enjoyment of the waterfront. We are asking for 90 parking spaces, which fulfills our commitment to the Ferry Building in serving this area and continuing to meet those needs and foster the Ferry Building area. We are also looking to provide revenues to meet other Port objectives. This is a revenue generating project for the Port.

With respect to land use, we looked at what uses should be allowed. We decided to include both public and non-public trust issues. If someone proposes a use that is not a public trust use, she knows that from the work we've done the last few years, the concept of public trust use is well known to the Port Commission but to walk through the public trust uses that bring people to the waterfront and support maritime. Part of the reason we suggested that we are willing to entertain proposals for non-trust uses is we've seen interest from developers and the community in non-trust uses. In addition, the Waterfront Land Use Plan identified this as a site that may be non-trust use e.g. residential might be appropriate. We are allowing consideration for residential use, a general office use and private recreation. Early this year, the Friends of Golden Gateway showed an alternative proposal of SWL 351 of a hotel and a private club. A private club would not be a trust use. Given there is an interest in that, we wanted to include that as one of possible options. We've also heard calls for local serving public recreation such as top lots, public gardens and public tennis courts. Not all parks would be public trust uses; some are local uses. The waterfront is held for the State. The combination of the use interest from the community and the interest from the development sector and the broad sense of wanting to offer a broad development opportunity that would excite interest suggest that we allow non-trust use but require any developer to tell us how they propose to address that and work with us and the State Lands Commission.

On the land use or required uses, any submittal would have to respond with ground level retail and restaurants. We want an active, exciting ground level on the Embarcadero, visitor parking of 90 spaces. The uses we would encourage are restaurants, maritime office, hotel, general office, residential, non-water dependent recreation. Highlighted with asterisks in the slide she showed the Commission are the ones that would be non-public trust uses but are still encouraged uses as shown in the draft development objectives.

Part of this informational presentation is to seek Commission's and community's thoughts before moving to the next step.

Financial objectives – the project respondent would have to incur all the costs, pay a guaranteed minimum rent to the Port, lay out a participation rent, incur all the cost of development of securing the permits, handling any hazardous materials, geotechnical evaluations, any conditions on the site. We would put available everything we know about this site. The private sector would evaluate that information and evaluate what they would be proposing. They would also be responsible to comply with any flood plain restrictions, CEQA and secure EIR. On the financial perspective and objectives is that the developer comes in and takes the project forward. It's not a Port development project as we've drafted these development objectives.

Port staff held a workshop in the Ferry Building Commission Room on April 14, 2008 on this project. The key things we heard are: open space and parks. 80% of the people in attendance were identified as being members of the Golden Gate Tennis and Swim Club. The other finding was it was hard in the public mind to distinguish the Port controlled parcel from the Tennis and Swim Club parcel. There were questions about whether or not the Port needs revenue. There's also a strong voice in the community to preserve the Golden Gate Swim and Tennis Club. We can build on our site. Our site operates daily as a public parking garage on the open side of the fence. We can build on our site and not have any effect on the Golden Gate Tennis Club. There were questions about the timing of the project. Since then, we've received additional comments from citywide perspectives calling for us to remove a surface parking lot at the intersection of our two grand boulevards, the Embarcadero and Market, to allow for development and reuse. We've also received concerns about parking in the Ferry Building area and recognition that there aren't that many sites that you can provide parking in this area.

The Port has identified in the Waterfront Land Use Plan a series of parks and open spaces. SWL 351 was not identified as one of these sites. The Waterfront Land Use Plan identified this as a development site which included open spaces in the mix. We expect any projects would meet or exceed the planning code requirements for open space. It would be included as part of the mixed-use development. We wanted to identify how much open space is in this area. The Port's open spaces are: Harry Bridges Plaza, Ferry Plaza, Herb Caen Way, Pier 7 and Pier 15. The Rec & Parks parks are: Justin Herman, Sue Bierman Park and Maritime Plaza. Walton Park is a privately owned, publicly accessible open space. This is one of the areas with the highest concentration of parks and open space in the city.

We heard concerns that District 3 was one the highest need areas for open space in the City. Rec & Park recently did an update using 2000 census data of demand for parks in the high need areas as they developed acquisition criteria in 2005. They came up with a systematic way to score. As you can see in Embarcadero, this is an area with more open space than most. It's not a high need area as identified by the various used with respect to seniors and children. It's not a high need area for open space.

In 1997, the Waterfront Land Use Plan identified SWL 351 as a site and included the development standard to explore combining the site with the Golden Gate Tennis Site. About five years ago, the Tennis Club site was under consideration for proposed development opportunity. That project died at the Board of Supervisors. In May 2006, San Francisco Waterfront Partners made an informational presentation to the Port Commission. Included in the staff report are minutes of the various Port Commission meetings that have happened. In November 2006, San Francisco Waterfront Partners made a proposal to the Port. In December 2007, the Port did not act on that proposal and chose not to engage in negotiations to act on that proposal but allowed San Francisco Waterfront Partners to begin the CEQA analysis on a number of conditions. One of them being it will be at the developer's cost and it includes analysis of alternatives where our site is developed separately from their site. We would have a benefit of those studies and understanding. In December 2007, the initial study was published looking at a possible project on the 3-acre site of 170 condos, parking garages and six tennis courts. In December 2007, San Francisco Waterfront Partners made a presentation to the Port Commission, their proposed project and also the project they would build if they were not able to include the SWL 351 which includes more buildings and fewer tennis courts. In January 2008, public comments were received by the Planning Department on the initial study. We saw an alternative development scenario that the community wanted analyzed in the EIR which called keeping the club and building a hotel on our site. In February 2008, staff made a presentation where we analyzed the Waterfront Land Use Plan development capacity that identifies three policy options. First, to initiate a competitive solicitation process, direct negotiation, sole source or do nothing. Staff recommended we move toward the development solicitation at that point. We also made available a number of information about the site and the project. In March 2008, we started outreach. We put up a website and mailed 1200-1500 people about the workshop. We had a discussion at NEWAG on April 2 about the project and the outreach. The community workshop was held on April 14, 2008 and we put a lot of information together about the building heights and other uses and parking demands in the area. All the information provided at the April 14 community workshop was posted on our website on April 21, 2008. On May 16, 2008, we posted the draft development objectives and criteria, the land use constraints summary and the summary of the April 14 workshop and all of the public comments received at that point. Today is another informational presentation to the Commission. Next week staff will return to the Northeast Waterfront Advisory Group to discuss the information in this presentation and the directions received from the Port Commission.

Our policy options at this point which staff is asking the Commission to discuss and ask the community for feedback and direction would be to move forward with the development solicitation process using objectives as proposed or as modified by the Commission's recommendation, a direct negotiation sole-source with San Francisco Waterfront Plan, not take any action at this time, do a Port project of some sort where we would look at the Port investing in building in trying to meet the objectives. Lastly, a park or open space use. In the open space, it wouldn't be a Port park, but a City or a local park. If there was a proposal, the Port could consider that we would transfer the land that would require State Lands Commission's review.

She mentioned that Rich Hillis is in attendance from the Mayor's office who would be able to address some issues.

Dave Stockdale, CUESA Executive Director, shared a letter written by one of their farmers. It states, "Dear Commissioners and Director Moyer, as a small farmer who relies on the Ferry Plaza Farmers Market for my economic survival, I urge you to move forward with the issuance of a RFP for SWL 351. Our children, both young adults and active partners in our family farm, represent the fourth generation on the farm. Over the past 40 years, most of the family partners in our neighborhood have gone out of business and moved off of their farms. A dead end road along the bluff of the Kings River that was once a thriving community with families now consist of two resident farmers, one other business besides us, renters and a couple of houses that have been demolished, one because it had become a meth house. Ferry Plaza Farmers Market and other farmers markets opportunities like it are significantly helping to sustain our rural communities. Small farmers need marketing outlets. The consolidation of the wholesale market has squeezed most small farmers out. These direct markets have encouraged us to grow special varieties in different ways seldom seen and probably not viable in the wholesale market. They have kept us in business and I believe have provided a win-win for our farmers and our urban customers. Without these direct marketing opportunities we would have likely sold out to large farms around us and cannot in good conscience support our children's decision to consider a viable life for them. Like my fellow farmers and food artisans who sell at the market, I depend primarily on the patronage of local residents who do their regular food shopping at the market. Unlike the tourists and other visitors who drop in on the market as a special occasion, these are customers who purchase in large quantities and most them need to find convenient parking. Unfortunately, the farmers market is unable to accommodate the needs of many of our customers as parking options are already severely limited in the area. This situation will become even worse with the elimination of parking at Pier ½. Despite its popularity, the Ferry Plaza Farmers Market may not be able to continue in this location without solving its customers' parking needs. SWL 351 presents an opportunity to both ease this shortage of parking and bring in new customers, thus keeping our market viable. Those of us who work and sell at the market are hopeful that the Port will allow for residential units, plus require some significant public parking at this location especially if Pier ½ parking is eliminated. We further hope that the Port will pursue a waterfront project work that would not eliminate the one adjacent parking lot until this potentially next closest parking access is completed. Sincerely, Ted Loewen, Blossom Bluff Orchards, Ridley CA."

Jane Connors, Ferry Building Property Manager, indicated that on behalf of the retail community of the Ferry Building, she reiterated the Equity Office's concerns from the May 13 Port Commission hearing. She urged the Port to find both interim and long-term solutions to satisfy not only the parking needs of the retail community and the Ferry Building but also the Ferry Plaza farmers market, local and visitors who come to the waterfront.

Ernestine Weiss indicated that she created ferry park across the street as an open space because she saw the need after the Loma Prieta earthquake. We still need open

space here. District 3 is the lowest served area in the whole city. We don't have enough parks. We have thousands of condos going up on the waterfront area at Rincon and Transbay terminal. We don't need another condo; we need open space. We need the swim club; a lot of people use it including children. Besides the aesthetics, it's the worst possible land use development she's ever seen and she's been in real estate development most of her career. As far as excavation, that is an impossible job because there are toxics underneath. It's been proven not feasible when they try to do it under the park, a 600-car garage which she defeated because it's prohibitive in expense. All these are negatives. A 500-car garage in this corner is ridiculous and will not fly. She guarantees it. We have to have balance. This housing will take every inch up to the sidewalk. This is not good planning; it's ugly and not needed. As far as the meeting with the neighborhood, it was unanimous – they want open space. Don't listen to people who do not live here. They are not confronted with all the noise and pollution. She represents thousands of people at the Golden Gate Center, the office buildings, etc. As far as the farmers market, they have plenty of parking. Their main day of shopping is Saturday and there are empty garages at the Golden Gateway and Embarcadero 4 garage. They have the other garage near Folsom Street which is above ground. Nobody parks their car exactly where their destination is. Please consider that this project will not enhance the area. It's a poor project. Public trust does not allow housing on SWL 351.

Bill Benkavitch, FOGG, indicated that he has been living in this neighborhood for over 28 years. He appreciates the opportunity to address the Commission at this informational hearing about 351. He's been following the 351 process for some time, read a lot of the documents and is hard for him to understand why the Port is in such a big rush to do something with 351 at this time. Is picking these seawalls off for development one at a time a wise action? It looks like that by moving forward with an RFP, the Port is giving San Francisco Waterfront Partners a running head start for their 8 Washington Street project while allowing the Port to give the appearance of going through the planning process. Please remember SWL 351 is our land. This lot and the other seawall lots are in the public trust for a reason. He asked the Commission to take more time and think about what they are doing and not to go forward with an RFP at this time. Would we all be better served if the Port took a short break, whatever time is needed, to get some fresh input for the entire northeast waterfront's future, and a 21st century view of what should be done here and not think about cars and parking for all of our benefit?

Matt Regan, Bay Area Council, indicated that as an organization, they have spent a lot of time and energy over the past several years to work towards the foundation for the Water Emergency Transportation Authority. WETA's focus and aim is to provide ferry transit across the bay in the event of an earthquake. It's not if, but when the next major earthquake is going to strike. When it does strike, while our bridges are retrofitted for the most part, the roads and the freeways leading to those bridges, a lot of them are in areas that are subject to liquefaction. A lot of the on ramps will collapse. A lot of the freeways will be impossible. The only mode of transit that would be available to most bay area residents will be ferry transit across the bay and up and down the bay. The hub for that whole ferry transit system is right here. In order to expand that hub to meet expected capacity, Pier ½ will have to be removed

and the parking that is currently there would be removed. That needs to be replaced in order for WETA to proceed with its Ferry terminal expansion project. For that reason, Bay Area Council urges the Port Commission to move forward with an RFP as soon as possible. They don't have the luxury to wait and study because the earthquake is not going to wait for the results of the studies. There's an imperative upon the Port to move forward as fast as possible in order for WETA to get its ferry terminals up and coming. There are funds set aside for that ferry expansion project. It's waiting for the trigger to be pulled. He urged the Commission to move with the RFP process.

William Sauro, Barbary Coast Neighborhood Association, indicated that the Embarcadero 4 garage which is unused on Saturdays is closer than SWL 351 to the Ferry Building. If ever there was a time for the Port to follow the law and redo the WLUP, this is it. The Port has a once-in-a-lifetime opportunity to shape the future of the Embarcadero. The one-at-a-time piece meal RFP approach that the Port has been using in the seawalls lot is not good planning. The Port seemed to have fast track the development scheme that will create a monolith on the sidewalk of the Embarcadero destroying the grand boulevard that has not been easy to create. Go back to the drawing boards and do what the law says you need to do by redoing the Land Use Plan and at the same time, save Embarcadero.

Robert Geering, Architect & Urban Designer, indicated that he lived through the tearing down of the freeway like we all did and now realizing this wonderful boulevard we have which is the best in the nation if not in the world. He cannot see the use of 75 unit car parking lots sitting on the most beautiful boulevard in the world. He thinks that the Port should move forward with the RFP because this is the only way that something is going to happen with that site. It's not an appropriate site for more open space because it's not needed in the area. It's an opportunity for something great on a very important site. He thinks that the uses of residential, restaurant, retail, although not perfectly designed as public trust, neither is open skuzzy parking lot. One of the things that will be important in the RFP is the height limit. It's important that the views that were promised to the members of the Golden Gateway Commons should be retained. The height limit along the Embarcadero should be 35 feet maximum. The height limits should be no higher than that. Any project adjacent to this parcel to the west should have strict guidelines in regard of use. The pedestrian way that has been proposed as access to the waterfront to make it more porosity to the bay is important and it's a good idea. No structure should be allowed north of Jackson Street where the present tennis courts are.

Lee Radner, resident of Golden Gateway center and chair of FOGG, quoted page 2 of the staff report which states: "It is worth noting that public perception confuses consideration of options for change on this site – the current parking lot – with the proposal to change the adjacent privately owned site occupied by a private members only tennis and swim club." There are two misstatements on that sentence. They are not the ones confused. They understand that the issue on the table is Lot #351 but if the Port thinks that lot can be separated in development from the adjoining open recreational space, then it is the Port Staff that is confused. The development of Lot#351 will impact the adjoining property and the neighborhood, which is the densest populated neighborhood in the City. He's not sure when the Rec & Park study

was made but they have not taken into consideration the number of people that live in that area. There is also confusion on the Port's definition of what the Golden Gateway Tennis & Swim Club represents. It is presently celebrating its 40 years of community service, training and support of many worthwhile causes to assist literally hundreds and hundreds, probably thousands, of young people, families and seniors, not only in our neighborhood but throughout the Bay Area. It is no more private than the Y or JCC. The Port's plans are so 20th Century...we are in the 21st Century. We are facing dramatic climate changes, environmental changes, and higher water levels in the Bay. Where and when will the Port face these issues in today's changing world rather than living and planning for the past. Why are we planning for more automobile congestion and pollution? It is time we connect and together take a long term view of our community problems including the preservation of open and recreational space. In your collective wisdom you must remember the response of so many of our citizens at the April 14 workshop. They cannot and should not be ignored. It is time you stopped to reconsider your priorities, and work with your neighborhood and its citizens to save the northern Embarcadero corridor from blight and massive construction.

Matthew Cohen, resident of North Beach, indicated that he and his fiancée spend quite a bit of time on the waterfront. He thinks of it as part of his neighborhood. He thinks that the city has done a fantastic job over the course of the last ten years in revitalizing this area including the work at Piers 1, 1½, 3, 5 and the Ferry Building. The parking lot at 351 is not consistent with what the image of the city is trying to cultivate. He encouraged the City to consider alternative uses for that land. He thinks that there are a number of uses that could enhance the welfare of people that live, work and visit the area. He encouraged the Commission to proceed with issuing the RFP for 351.

Corinne Woods, Neighborhood Parks Council, indicated that NPC urges the Port Commission to move forward to issue the RFP for SWL 351 using the development criteria proposed by Port staff. They did a nice job on the staff report. Development opportunities for this parcel should provide a mixed of uses that activates and provides public enjoyment of the area, increases public access and connections to open space areas and the bay, particularly the Jackson Street view corridor and help fund the Port's urgent capital needs. While they recognize the Port's obligation to provide parking, the pedestrian and visitor experience will be improved if parking is not emphasized. Parking facility should minimize their aesthetic presence and impact on the surrounding area and any above ground parking structures should be screened from public view by active retail uses.

Ellen Johnck, Bay Planning Coalition, a nonprofit organization representing over 200 members involved in the maritime industry and related shoreline business in the bay delta region. Their mission is to ensure that the economy, recreation and the environment thrive in the region. To this end, they support projects and programs aimed at sustaining local industry and this means sustaining our local ports. A very basic element of Port sustainability is revenue plus sound planning to achieve multiple public benefits. When we think about development criteria and the RFP, revenue is the first priority. Port staff is on the right track with the concept. What

should be included in the RFP are concepts that will yield the revenues to meet the targets and the Port's capital plan. It looks like a combined site to allow for upland replacement parking and ferry terminals is a solution which would be workable. The WLUP has guided many successful developments over the past several years. There is opportunity now to have the same success with a combination of private/public uses on the seawall lots. It's important to keep up the progress, the great momentum that the Port is doing. Staff is doing a great job and move ahead by issuing the RFP.

Mark Hansen, AMB Property Corporation, indicated that as a major stakeholder in the waterfront redevelopment, they encourage the Port Commission to move forward with the RFP because they recognize that the progress on the waterfront is critical to not only the existing developments, including Pier 1, and the Ferry Buildings and the other development but the continued progress along the waterfront. They believe that a parking solution is an important part of the project of any project there and of the success and the continued success of the existing waterfront projects. They recognize that a forward looking developer know that there is an increase in public transportation use, not only in this area but everywhere. However, looking forward, he believes that there will be a continued dependence and use of private transportation not necessarily ones that we see today. The sustainability of neighborhoods and areas, etc. could change over time. Over time, they believe that there will be a continued dependence and there will be a need for parking. It's a critical need to be able to provide in order for things like the farmers market, the Ferry Building and all the other uses along the waterfront to continue the success that we've seen. He encouraged the Port to move forward with the RFP process. He asked the Commission to look at projects on their merits in the future.

Michael Theriault, SF Building Trades Council, indicated that he is not a neighbor of SWL 351. He lives in the Excelsior District, one of those neighborhoods as being in genuine need of open space. They are glad to see that this project has progressed to the point where an RFP is being considered. He urged the Commission to put an RFP out. An RFP will allow the Commission to look at all the array of possibilities for this particular site. At the time that all those possibilities are in front of you, you can make an informed decision along with the input you will get from the neighborhood and the rest of the city as to what actually best serves the neighborhood, the city and the port. They are excited about the prospect of jobs that some of those proposals will bring. Some of those jobs will be temporary but he is fond of pointing out that those temporary jobs or jobs like them raised his family and put his wife to UC Berkeley. Some of the jobs will be permanent because the good use of that parcel will support the maritime functions of the Port for which some of their folks work in the ship repair business. He's sure, in the end, the Port will arrive at a project that is acceptable to the greater part of the neighborhood. The Port serves not just the neighborhood but the entire city.

Michael Brown, Carpenters Local 22 Senior Field Rep, indicated that he hopes the Commission moves forward with the RFP and because he has 4000 active members who live and work in San Francisco and their livelihoods depend on construction in general and maintenance and other types of work after the construction is done. When

you make your choices, consider that 4000 carpenters are hoping that they will have work here in the future.

Rob Black, San Francisco Chamber of Commerce, indicated that one thing that is important to realize or think about when we think about moving forward in an environmentally positive way is that we're not going to solve our energy crisis just with solar or with nuclear or with water. It's going to be a smart combination of all those different uses. Same sort of thing with transportation. We can't just rely on public transit. We have to invest in it. We have to make it sustainable. We have to make aggressive investments there. We also have to acknowledge that there will be car use. Car use will change and hopefully become more efficient. We have to plan for that. Any development that goes there needs to replace a surface parking lot which is not an appropriate use for that place with a mixed-used development with ground floor retail with housing above, something that would serve not only the neighborhood but the city's interest as a whole, particularly, reinforcing the importance of revenue generation to the Port. It's something that the Chamber believes very strongly that is needed. They have continued to work and will continue to work with the Port to do that because the port is one of their primary resources in San Francisco and making sure that it is economically sustainable.

Mary Murphy, Wilson Meany Sullivan, read a letter from Christopher Meany. It states, "I regret that I am unable to attend your hearing today regarding SWL 351. While I cannot give my testimony in person, I would like to share with you my belief that the appropriate development of SWL 351 is critical to maintaining the success of the many businesses that have moved to the area in and around the Ferry Building and that have contributed to the revitalization of this very important public face of the City. To insure the continuing success of the area, the appropriate development of SWL 351 should include two mandates: First, any development of the lot should include a permanent supply of public parking for the use of retail customers. This parking should be reserved for short term users with appropriate parking rates that discourage all day parking. Second, the development of the lot must be conditioned upon the provision of interim replacement parking during the construction period. With Pier ½ being taken off line, the retailers in the area will be economically suffocated if the parking spaces at SWL 351 are lost at the same time. As I have shared with you in past correspondence, I believe that the provision of visitor serving parking in the City's designated retail districts is necessary to draw the regional visitors upon whom the retailers depend. I further believe it is consistent with Transit First policy, because the planned parking discourages commuter parking while acknowledging that certain retail and social activities do involve cars. The merchant and businesses in and around the Ferry Building have done much to revitalize the waterfront. Please allow them to continue by insuring the appropriate development of SWL 351."

Dick Glumac, engineer and a member of the Golden Gate Tennis and Swim Club and a tenant at Embarcadero center for 33 years, indicated that 25 years ago when Perrini wanted to build a development project on the Tennis club, he was leading the opposition to the project. In the 21st century, things are different. This project provides 6 tennis courts, plenty for anybody in the neighborhood. He is in favor of the

Port issuing the RFP for this project. As a member of engineering and architectural community, he appoints himself as a representative of thousands of design professionals. Some of whom will benefit from this project. In the 21st century, we are building the buildings that consume only half as much energy as we have done in the 1940s, 1950s and 1960s. Any project built from now on is going to save us a lot of gas and electricity. That's good enough reason for him to support this project.

Stephen Fee, architect, indicated that unlike many of the speakers who are here today, he does not live in the area but he feels like he does because his business is nearby. He looks forward to the opportunity of walking to more restaurant choices in the neighborhood. He is lending his support for this project and urges the Commission to move forward with this project.

Frank Rollo, a registered geotechnical engineer and works for the firm of Treadwell and Rollo, indicated that he is in favor of the RFP. He can speak on behalf of the geotechnical issues of the site. He's heard some comments about groundwater and contaminated soil that makes this project undevelopable. That's not true. They do deep excavations all the time in San Francisco. The regional groundwater would not be affected. They would design for high groundwater at a high conservative level to keep the basement dry but regionally, the project would not impact the groundwater level. There is contaminated soil at the site. It's as simple as hauling and disposing of it to the appropriate facility. The bad side is it's expensive. It can easily be done. The development for Block 351 included in with the 8 Washington site would greatly improve the area, the look of San Francisco along the waterfront and it will enhance the city.

Marina Secchitano, Inland Boatmen's Union Regional Director and former WTA Board Member, indicated that, on behalf of Ray Shipway from the Master Mates and Pilots Union, their two unions crew all the commuter ferries on the bay. Since 2000, they have actively worked to expand the region's ferry network, supporting the Bay Area Council and Senator Perata's efforts to start the WTA. They've supported ballot measures, state and federal legislation to generate the money to build new boats and new terminals. The first of the new boats is scheduled to arrive in September. In 2004, the WTA successfully obtained $48 million of Regional Measure II for ferry terminals and facilities including expanded berthing capacity at the Port of San Francisco. The WTA, now WETA, has set aside $20 million of that money to add new docks next to the Ferry Building. With lots of money in place since 2004, you think you would hear lots of sounds of pile driving and construction of new docks next to the Ferry Building. Instead, there's silence. WETA and the Port are paralyzed because of the regulatory problem over replacement parking. SWL 351 gives the Port a great opportunity to overcome one of the biggest regulatory obstacles to starting this project. We are glad that Port staff's recommendation is to include replacement parking underground in the development criteria for SWL 351. We need to start building the new docks to handle new ferry routes most importantly for emergency response. We urge the Commission to break the impasse and start the next phase of ferry terminal construction on this waterfront. It would be almost a decade since the last docks were built next to the Ferry Building. It's time to use up the bridge toll monies and deliver the transportation facilities the region needs. We encourage you to

move forward with the RFP. This is urgent. She also submitted Steve Castleberry's letter to Monique Moyer dated April 23, 2008.

Susan Harris, Golden Gateway Resident, indicated that she's attended a lot of these meetings the last several months. It's been quite an education. There were a lot of sincere opinions and some facts she didn't know about. The Port has received a lot of input from the community and the various interests. It's time to move forward with the RFP, collect alternatives, look what can be done and move forward.

Jim Salinas, Sr., Carpenters Local Union 22, indicated that he is a native San Franciscan, born and raised in the Mission District. He has the privilege and the honor of representing approximately 4000 good decent hard working men and women that make up Local 22, a 125-year-old labor organization. He thanked Monique Moyer for her leadership supported by the Port Commission. There have been a number of immeasurable improvements made under her watch. As a former president of the San Francisco Recreation and Park Commission, he cannot begin to emphasize the importance of this Commission's ability to create a greater financial value for the Port while preserving the equivalent of SWL 351 for recreation and public open space. This project will allow for the preservation of the recreation club with large swimming pools and outdoor spaces, better fitness facilities and improved neighborhood recreation facilities. Should SWL 351 be developed separately, development of the remaining Golden Gateway land will result in a significant reduction of the private recreation facilities and no open public space. The Port Commission has a great opportunity to create a public parking garage for our farmers market and the Ferry Building area merchants assuring the sustainability of this exciting amenity. The 8 Washington Street project proposes to only build on 49% of the total land area giving back 51% of the total land area for recreation and open space. This neighborhood deserves the opportunity to develop a project whose uses are not limited to private club members and parking. 8 Washington Street project provides a good balance of housing, restaurants, retail, open space and recreation. He urged the Commission to move the RFP forward.

Oz Erickson, Hotel Vitale, indicated that together with Chip Conley, they developed the Hotel Vitale. The Vitale and SWL 351 share something. Five years ago, the Vitale was an ugly parking lot. It was uglier than SWL 351 because it housed busses. Now, it's a vibrant part of San Francisco. It provides a huge amount of revenue for Muni. It has greatly enlivened the waterfront. He can't see why you would want to keep a parking lot along the Embarcadero. It should be open up for RFP.

Tony Gantner, immediate past president of District 3 Democratic Club and founder of the North Beach Merchants Association, indicated that the Golden Gateway Center was built as plan units of development in 1965 by the San Francisco Redevelopment Agency as a redevelopment project. There are two 22- stories slab towers each with 416 dwelling units and two 25-story point towers each with 175 units for a total of over 1000 rent controlled units. These buildings are on a continuous podium that includes ground floor commercial and three levels of parking, one underground and two above ground level. There are also 100+ residential townhouses sprinkled around the 3 residential blocks tied together by pedestrian bridges. Additionally, there is a

park, tennis court and an outdoor swimming complex at the eastern end. Together, it is an example of a mixed-use project mid-20th century. The Golden Gateway ownership has evidently decided that it isn't enough to own a huge mixed-use PUD. They are not proceeding on a premise that the property containing the outdoor tennis courts and the two swimming pools are parcels right for development to be sold off to developers for 200+ condos at $2 million each in an 8-story building to be built on the property. This project is known as 8 Washington Street. As even the casual observer can see, this land is part of the PUD and is offset for the aforementioned larger adjoining residential complex. The Port is considering joining in an attempted evisceration of the Golden Gate PUD by making available the adjoining small SWL 351 for inappropriate development. Let us not be deceived. The Port will have a natural tendency to maximize this revenue from this parcel driven as you are by an enterprise mandate with a failing infrastructure, obviously in need of a repair. Do not allow that imperative to push you into anything other than open space which is a clear choice of the neighborhood. Anything more on SWL 351 will detrimentally impact the Golden Gateway PUD. Make your money elsewhere.

Jonathan Middlebrook indicated that they are here to discuss SWL 351 RFP but we all know that leviathan, that's 8 Washington, has devoured a considerable amount of civil unrealistic discussion. A fair number of Barbary Coast residents feel silenced by a single issue organization which extremely effectively lobbies for a private club at the expense of many other public interests in SWL 351. First, most Barbary Coasters who showed up at the April 14 workshop were in favor of developing 351 as recreational and one hopes public recreational open space. Second, given that neighborhood desire, the question becomes how to pay for such public use of public land. It is, as all parties agree, some of the most valuable, undeveloped urban land in the universe. Third, the Port's emerging RFP seems to allow for a negotiated development plan for SWL 351 - the development which would include public open recreational space, a rebuilt private club, decent parking, upscale housing and mixed-use commercial enterprises along the Embarcadero. Fourth, the current 8 Washington Street proposal does not meet all of the requirements. It is a reasonable start towards a project which could be stepped up and back from 40 feet or less at the Embarcadero to fit into a site bounded on the south by existing high-rise structures of 220 feet and up. It is possible for all of us to get most of what we want i.e. we want the private club, swimming pools and tennis courts with the same membership and reasonable rates. They want public open recreational space, a mixed-use structure, which blends into the current built environment and the money to pay for it all. To get there from here requires a Port Commission determined to force the negotiation process. He very much hope that you are that Port Commission.

Alec Bash associated himself with the comments made by Corinne Woods on behalf of the Neighborhood Parks Council. He couldn't have put her comments better no matter how long he's tried. He is pleased to see an RFP about to go forward. He has longed for the day when an RFP will go forward with the Agricultural Building to complete the Ferry Building area. The Embarcadero freeway left some terrible scars in this city. As you look from the Ferry Building to the south, those scars have been pretty erased. From the Ferry Building going to the north, those scars are still there. We had a development that turned its back on the waterfront that has made no effort

to enliven the landside of the waterfront. This goes all the way from the parking lot and the tennis courts to Golden Gateway Commons to the Master Card building all the way up into Levi's Plaza which often turns its back on the waterfront. If we were to look at the Embarcadero as its long potential should be, it should be a grand boulevard on both sides of the street. Unless we do something on the landside and start to do that now, that is not going to happen. The sidewalks are too narrow. We should look at whether the sidewalks should be enlarged a bit. He was pleased to see the connectivity issue addressed in the staff report for finding a way to ultimately open Jackson Street to Embarcadero. That cannot be done by the Port alone. The recommendations about heights for the context, he believes that the height of the bulkhead building is a very important part of that context particularly for the area right along the waterfront. That height may step back further in as long as there is a design context in which the stepping back of the heights work. There is a tremendous opportunity to have the roof top parks overlooking San Francisco bay and to the extent that recreation can be part of that as well would be wonderful. There had been many comments here referring to a project when, in fact, this is an RFP for the Port site. Clearly, there is another project that has been contemplated to include the Port site and that adds some extra complexity to the RFP. Staff, in working with the Commission, will have to develop very clear criteria for how to evaluate proposals because there will likely be some that include only the Port site or there may be some that may include just the Port site. He believes that as long as those efforts are carefully considered, there's every opportunity for success.

David Fukuda, native San Franciscan, Port tenant and owner of LaMar Cebicheria which will open in a few months at Pier 1½, indicated that his business and all businesses in the Ferry Building are dependent upon the vitality of the neighborhood and the waterfront. Especially with the elimination of parking at Pier ½, parking is critical. Incorporating 351 into a potential joint development is important to the area and the residents including his business. Including block 351 is what he considers good planning, allows for the greatest public benefits to the City, the Port community and the surrounding businesses. He encouraged the Commission to issue the RFP.

Tim Colen, San Francisco Housing Action Coalition Executive Director, on behalf of their 75 member organizations, indicated they are strongly interested in the future of SWL 351. At the risk of repetitiveness, he made the following points: (1) It is no longer defensible or acceptable that this valuable land remain as a surface parking lot boarded by a cyclone fence. That might have been possible when the freeway was still standing that was cut off from the waterfront. It no longer is. It is essential that the Port put this land to its best and highest use. (2) It is no longer possible to defer this decision to protect local interest from unnecessary change that clearly benefits the larger interest of the Port and the people of San Francisco. (3) It is crucial that the Port begin to realize some economic benefit from this land if it is to address the crushing backlog of deferred maintenance and historic preservation of its facilities. This is the Port's responsibility to the entire City of San Francisco. (4) We enthusiastically support the Port issuing an RFP to help determine which uses are appropriate and economically feasible. These uses should contribute to good urban principles, should revitalize the Embarcadero and should reconnect it to the adjacent neighborhoods.

Flicka McGurrin, Pier 23, indicated that she's been on the waterfront for over 20 years. She's seen a lot of changes. Issuing this RFP is important for the financial health of the Port and for the revitalization of the neighborhood. The area to the west of them seems extremely empty, has seemed empty for a long time. When the farmers market was in that parking lot a few years ago, it created a wonderful feeling. That feeling has been seriously changed by the revitalization of the Ferry Building. There is obviously a deep need for more retail activity. Parking and transportation is always an issue that is inevitable. The idea of a parking service that is underground is appealing. She supports the RFP with the consideration of the Golden Gateway Club that that club is truly rebuilt and members that enjoy it now have some kind of capability of staying as members. She knows that is a real concern for the present members. They feel that they are going to lose their club.

Russell Jackson, local chef and restaurateur and regular patron of the ferry plaza, indicated that parking is the most challenging and prohibitive element of shopping and visiting the neighborhood at the ferry plaza. There are a significant number of them that must be able to drive to the market in order to purchase for their restaurants and for their businesses or homes. The farmers market cannot survive on tourists nor do they want this market to become just another tourist destination. It is a neighborhood market and it's for the locals and tourists alike. To be successful, the market needs parking that are centralized and within the proximity of the ferry plaza. He asked the Commission to move forward with the RFP for SWL 351.

Stewart Morton, NEWAG member and homeowner at Telegraph Hill, encouraged the Commission to issue the RFP. The Port needs money to help preserve the piers and the Port properties that are of great value. He has the ultimate solution for this site. The front of it should have a 40 foot height limit. The back of it including the tennis club site should go up to 20 foot, a slender residential tower on the back with a 40 foot all the way from the tower to the front with a mixed use, including garage spaces. That gives the developer enough money to pay for the parking and gives everyone what they need. A 40 foot height limit is the height of the bulkheads. Someone from Port Planning wants a grand boulevard. If you have the same heights on both sides, it will work. Nothing more than 40 foot feet. That will not satisfy the open space but we can't afford open space there.

Evan Matteo, owner of Lafitte Restaurant, indicated that in order to maintain and grow the vibrant neighborhood that the Port and City have worked so hard to create we need the ferry farmers market to be successful. Additionally, combining this site with the adjacent land allows for more housing, open space, restaurants and retail, not to mention smarter, urban planning. There are many voices and stakeholders who oppose this change but he asked the Commission to heavily consider the needs of the small business owners in the neighborhood and move forward with the issuance of the RFP for SWL 351.

Charles Phan, chef and owner of Slanted Door, brought out some points how important the parking lot is. He indicated that a lot of folks talk about the farmers market on Saturday. The market is important even on the weekday because the farmers need those days. Tuesday is just as important. The Ferry building folks tried

to start a Thursday night market but it has not been successful. They had to stop after a year of trying. They will try again. The market is not one sided. It's not for somebody buying a bag of peaches. Some of the farmers have stopped coming to the market because of fuel costs and they decided to go directly to the restaurants. Another observation is during the weekday, all the restaurants are busy, the financial district, Boulevard, One Market, etc. but on the weekends, the Ferry Building is busy. One Market and the Boulevard are not open on the weekend for lunch. There is an island in the middle of nowhere and that's happening and things have not crossed the street. With the parking lot, there is not a solution at this point since Pier ½ will be gone. He encouraged the Commission to move forward with the RFP.

Jennifer Clary, San Francisco Tomorrow, indicated that she provided the Commission a letter regarding her concerns about having these planning processes crop up in the middle of the year when Port staff are already committed to planning. She mentioned this because she sat on the Pier 70 advisory group for 9 years now and they are still working on the master plan. Every time she sees one of these projects pop up like SWL 337, SWL 351, she knows that's taking staff's time against something that she thinks is a priority. She thinks that an RFP is not planning. Rather than have a reactionary planning for the northern waterfront, it would be a good idea to start thinking about what your vision is and how to create that vision. She hopes that the Port will move forward with actually creating some kind of process. The WLUP is 11 years old. When it was created, none of us knew what is going to happen. What happened wasn't what any of us expected to happen. It needs to be updated. You need to think about how you're going to do it. Some have talked about doing subarea plans that would allow the Port to link seawall lots with the piers across the street. This is not the way to plan and hopes that we would figure out a better way.

Bobby Coleman lived at the Golden Gateway since 1987 but the projects proposed are not part of his view. He is not a member of the Golden Gateway Tennis and Swim Club and he does not have greed profit or personal interest to spend. What he is concerned about is public interest and has been concerned about that since 1987 when they heard a lot of similar development proposals for what they now enjoy as open space - the extension of Justin Herman Plaza, ferry park, etc. He served on the mid-Embarcadero Citizens Advisory Group in the early 1990s. This is a parcel that is crucial to for-profit development of luxury condos and associated economic benefit for certain private industry groups. As a matter of public interest, when they leave this hearing and they go down on the eastern side of the Embarcadero, the waterfront site and they look up towards Telegraph Hill and Coit Tower like thousands of residents of San Francisco and visitors to San Francisco from around the world do, that view in all likelihood is going to be blocked as a consequence of rolling out a red carpet encouraging the private development of this parcel. That would constitute one of the egregious and obvious failures in Port Commission history. If you are to do an ad hoc survey when you hit the street and if you would politely ask pedestrians, cyclists, neighbors, visitors, tourists, etc. and ask them to look up there, the world famous view of San Francisco is part of the character, part of the very essential pride of San Francisco. Do you think there should be a building blocking that view? Obviously, you know the answer.

Toby Levine indicated that many years ago, the WLUP advisory board which developed the comprehensive land use plan which came into fruition in 1998 after 6-7 years of planning, a very successful effort. It has served the Port and the City very well. We are beginning to hear cries that it's outdated; it should be changed and amended. As a living document, you will find that there are ways spelled out in the plan for amending and changing it. The former Commissioners have made changes to the WLUP over the course of the years. Obviously, situations have changed. We have the lost of Pier ½ and how that is going to be compensated for and what other things need to be done. By issuing an RFP for SWL 351, the Port has an opportunity to test both the WLUP and test ways that planning can be changed for the area. We've had some problems with the seawall lots. Alec Bash's comments that had to do with the vacant aspect of one side of the waterfront on the seawall lot that nothing is happening and the discussion that Jennifer Clary brought having to do with revisiting things, this SWL 351 can be that and move forward on the other seawall lots in the future. The Port should go forward but use this as an opportunity for visiting and remodeling and looking forward to what can happen next on the other seawall lots nearby.

Jim Chappell, President of SPUR, a membership organization of over 3000 families, indicated that they are a citywide organization and a multi-issue organization and they try to represent the interest of all San Franciscans present and future. This includes the Port. The Port is a public agency that belongs to all 800,000 San Franciscans. He thanked Port staff for a very comprehensive and excellent report on this subject. From a point of view of urban design, SWL 351 is a small out holding, over half an acre. It makes no design sense to have it separate from the adjoining 2.5 acre private site. Its current use as a surface parking lot along the beautiful Embarcadero boulevard is nothing less than a blight. Hopefully, both of these sites will be redeveloped to provide coordinated and beautiful new development. Developed separately, they will remain as uncoordinated and unattractive as they are today. In terms of financial sustainability, as the Port is not sustainable in the long run, the Port must make efficient use of its public lands which it holds in trust. SWL 351 only has major economic value when considered along with the adjoining private property. It's now or never. He urged the Commission to issue the RFP for SWL 351. The Commission's duty is a duty to all 800,000 San Franciscans today and the millions who will succeed us in future generations. Issuing an RFP for SWL 351 is a vote for good urban design and for financial sustainability.

Sue Hestor, Friends of Golden Gateway, indicated that the Commission have heard from people from various positions that the Port has two ugly spaces on the other side of the Embarcadero, the parking lot which the Port owns and the tennis club which is owned by Golden Gateway. The developers have financial interest in the ugliness and in the development. It's like they're putting a gun to their head and saying if you don't want what I want, I'm going to shoot myself. That is literally what is going on. It's ironic hearing from SPUR, which is an advocate of Golden Gateway, that they want to plunder the public amenity that was done for Golden Gateway. Golden Gateway is the densest housing project in the city. It is a huge high rise complex that was done in the 1950s and 1960s. They were given one amenity; it was a choice. It went on for years at the Redevelopment Agency. Was it going to be theaters,

museums, churches? There needed to be some community space for all of those residents, over a thousand apartments. What they got was a recreation use. The recreation use is not the same as an open space use. Active recreation is a hard commodity to get in San Francisco. Chinatown has one small tennis court complex. These are tennis courts and swimming pools for senior citizens who live there. It's the only open air swimming pool in the city. Basically saying we're going to be a parasite and we are going to plunder the PUD and take out the public amenity while we can build this, not rent controlled apartments but $2 million and up luxury condos so the Port can have a revenue stream is something that should sober you. She thinks that the Port needs to start solving their parking problem now and not wait for this to be solved in the end. Right now, there's parking available on Saturdays and over the weekends. It's available now at Embarcadero 4. There is no direction on how to get there. The Port and the Ferry Building management should figure out a way of telling people today, here's where the parking is, here's how you get there. It's a shorter distance than SWL 351. The issue that she raised that the Port did not answer which was the seawall lot has a seawall under it. It has water under it. We know the bay is rising. The Port should be doing a comprehensive analysis of how we deal with rising bay levels on our property. When you look at an overhead view of the bay, there are only two places that are built up right next to the waterfront on the bay. This is one of them and some little islands in Foster City and Emeryville. This is it; people haven't resolved global warming. They haven't resolved rising sea levels. She thinks the Port should resolve that at the Port level first.

Wendy Lester, sales manager at 733 Front Street, which is a new development that went to market a year ago. They sold out 69 units. 30% of their residents don't have cars. They came here because this is an ideal urban center. They can use public transportation that works here. They go to the market on Tuesday night. They feel honored that they get to be part of this neighborhood. They've had several discussions among the residents. In general, they feel that more retail would be a benefit to them. They would have places for their friends that come to town to park. They welcome their future retail and residential neighbors.

Peter Winkelstein indicated that he lives in another part of the city. He, his family and his neighbors use the Embarcadero, the Ferry Building and this area a lot. The Port needs to take the responsibility to make the seawall lot useful for the Port in terms of getting income from it and allowing a project which works better, which from an urban design point of view, holds the Embarcadero. It isn't clear to him why open space, which is there now, and is planned to remain there with the swimming pool and the tennis courts is also part of the project that is being proposed, although that might not be the final project. It's clear that there will be public use for open space there as there is now. He urged the Commission to proceed with the RFP and move on this project because the Port and the City need it.

Eula Walters, Citizens for Open Space, indicated that she lived in the Golden Gateway Center since 1972. She thought a long time before moving to Golden Gateway Center because she does not like moving. She lived in San Francisco for 36 years and wanted a place where she could live for the rest of her life that she would enjoy. She moved to the center so she would have a pool. She has a place to park her

car. She founded in 1989, after the earthquake, Citizens for Open Space, by going out and getting 2300 signatures who want open space. They wanted ferry park as an open space. The Ferry Building and the Port don't need a new parking lot. Go to the different parking places and see how much parking there is already. The Port is making a big mistake. Had the Port voted parking on that site, they could have had an underground parking. They had a chance to build a parking lot underneath ferry plaza which they gave up because it was expensive to build after they found out that they would be building it where there is water. All the 8 Washington Street developer wants is this building and they have to have parking. If they can get that, the rest will come easy for them.

Christy McRoskey, San Francisco resident and member of the Golden Gateway tennis club, supports the Port's issuance of the RFP for SWL 351. The Ferry Building and the waterfront area have experienced tremendous improvements over the past few years that spanned a lot of interest in this area. Five or six years ago, there was not that much activity. This is a prime waterfront site which should be developed. It should be developed to the highest of criteria. She supports the idea of a combined site with the Golden Gateway tennis club. She hopes to get some of that back which would allow for much needed parking for the farmers market, the restaurants and retail centers around. It would allow for improved club and some public open space. They are planning on giving 51% back to open space. That should be enough.

Fred Allardyce, Barbary Coast Neighborhood Association (BCNA), thanked Kathleen Diohep for making a great presentation on perhaps the most significantly important parcel the Port has in its control. Even though it's only half an acre, it may set the tone for future uses of the entire waterfront. They have been watching closely as the Port considers the use of Parking Lot A, the 14 acres that is being aggressively looked at by a number of developers to utilize in the Mission Bay Area. In 1948, his father took him out by the Bay Bridge and said that a freeway will be built to connect the Bay Bridge all the way around the city. In 1954, a group called Telegraph Hill Dwellers who said may be not all the way around the city. As most people recall, there was an abutment at Broadway, where the freeway stopped. Nevertheless, that was the way they got around town and it was quite useful. Most San Franciscans in the 1940s and 50s thought it was great. It wasn't until the 1980s that God shook it down. He is the president of the Barbary Coast Neighborhood Association representing over 12,000 voters and property taxpayers. He was curious to know when money began to equal happiness. All of you here have money. None of you would be here if you are absolutely poor. The Port has a right to take happiness; take money and make happiness. His guess is if you ask Monique Moyer who has a very responsible job that started out $1.2 billion a year ago and now it's close to $2 billion in under capitalized future uses. What is that money going to go for? How many private parks; how many long standing useful needs will the citizens of the Bay Area, California, U.S. and all the visitors that visit San Francisco really utilize as the waterfront gets redeveloped and do a new freeway with 84 foot tall buildings, 48% taller than the original freeway of 55 feet tall that get expended all the way down the waterfront if this project goes ahead. He knows there's lot of challenges, most of them economic for the Port, but there are also challenges for San Franciscans to look at their future. There is an opportunity to create a boulevard that might last way

beyond all of our lives that it would be something that we would be proud of to say what we did with all the seawall lots.

Garth Collier, COA Architects, encouraged the Commission to support the issuance of the RFP for SWL 351. As a Port of San Francisco tenant for the past 14 years, one of the major drawbacks to establishing a successful business at the Port is the parking situation and the resulting congestion in the Ferry Building waterfront area. The proposed development provides an opportunity to help alleviate the situation with underground, off street parking. He also noted that Pacific Waterfront Partners is not a typical developer. They are very successful and very sensitive to community needs. He is a registered architect in San Francisco for the past 30 years. In his experience, it is rare to find a developer this sensitive. Historic preservation and the improvement of public space is a priority as exemplified by their successful restoration of Pier 1, Pier 1½, 3 and 5. They deserve a great deal of credit for the renaissance of the waterfront. This project continues that momentum and recommends its support.

Commissioner Hardeman thanked the Mayor's office for attending the meeting and listening to all the comments. His big problem with this project is that we haven't moved along sooner. He agrees with a lot of the speakers that things have changed. In hindsight, we should have probably doubled the size of Pier ½ parking instead of eliminating it. He thinks that we ought to move this project along and bring it to a head and have a vote.

Commissioner Fong thanked everyone for their comments, clearly, a wide variety of comments. He agreed with a couple of thoughts to keep this area vital. While we see the success of the Ferry Building during the weekends, if you come back at night, it's not as vibrant. Part of that growth or that opportunity for business growth in the area for the residents as well as office folks is the evening business. He rides his bike a lot. He rode it today to the meeting but he can't' ride it at night. If he wants to bring his family here for dinner at night, he has to drive. Parking is important. We're potentially losing some parking at Pier ½. It's important for the Port to be able to replace that. If an RFP is issued, that parking should be taken into consideration as a high priority. The second high priority in his mind is the ability or the attempt to at least replace as much of the private and public recreation space. Part of the whole balance of the community is the ability to recreate and enjoy this beautiful site. He hopes that's available to everyone.

Commissioner Lazarus indicated that the diversity of opinion on what might happen in that particular lot further reinforces the need and desire to do an RFP so we can see what some of the more creative minds in this community might come up with in terms of the needs of that particular site.

Commissioner Shakofsky concurred with her fellow Commissioners. She enjoyed the very lively and vibrant debate today. She heard a lot of great ideas. She did not hear from anybody suggesting that we leave this site as is. She supports moving this community process forward. There are potential solutions that incorporate all the comments heard today.

Commissioner Brandon indicated that her fellow Commissioners would like to move forward with an RFP. We don't like to talk about parking because we want to talk about transit first but from Fisherman's Wharf to the Giants ballpark, we are constantly told they have to have parking. Hopefully, we can get to the goal of transit first. Maybe one day we will get there but in the mean time, we are going to need parking. That is a high priority for this process. She thinks that we still need to listen to everyone concerned and this property belongs to all citizens of California, all citizens of San Francisco and take all interests into consideration as we move forward. She thanked staff for a great presentation and thanked everyone for coming today. It was valuable for the Commission to hear the public's opinions.

Kathleen Diohep indicated that on June 5, 2008, the Rec & Park Commission and the Planning Commission are going to be having a hearing and looking at and studying the open space in the area. The greater city is taking on and looking at those areas which are in the Rec & Park's purview. She thanked the Commission for the feedback. She did not hear any specific feedback on the draft development objectives but heard interest in Port staff bringing forward to the Commission an action item to issue an RFP.

B. Request approval to execute Eighth Amendment to the Amended and Restated Exclusive Negotiation Agreement with SF Piers LLC for the Piers 27-31 Project on The Embarcadero, between Francisco and Battery Streets and for Piers 30-32 on The Embarcadero, between Bryant and Brannan Streets. (Resolution No. 08-36)

Jonathan Stern, Planning and Development Division, requested Commission's approval for an 8th amendment to the Amended and Restated ENA with SF Piers which is an entity with the Shorenstein and Farallon Capital Management. The amended and restated ENA dates back to March 2006 when the Port approved the assignment of development rights of Piers 27-31 to SF Piers. Since 2007, the focus of this ENA has been a mixed-use development at Pier 27-31 which included a primary homeport cruise terminal at Piers 27 shed. Part of the reason this option has been pursued is that starting in 2007, and culminating in September 2007, the cruise terminal advisory panel (CTAP) made a series of recommendations to the Commission that essentially designated Pier 27 as the first choice for this new homeport cruise terminal. It had originally been thought that the cruise terminal would be at Piers 30-32 as part of a development with SFCT and that project did not move forward. That's why CTAP made those recommendations. In the course of SF Piers' investigation of this mixed-use project of cruise terminal at Pier 27, it became clear there were a number of challenges. It's challenging to do a mixed-use project with new office, recreation, restaurants and a cruise terminal, all on Piers 27-31 even thought it's a large site with long berths. During the last few months, during the 7th ENA amended period, SF Piers have been exploring creative options to help support this idea of a mixed-use cruise terminal at Pier 27 and having mixed-use development elsewhere on the waterfront to help fund that project. As this 7th amendment period is expiring, the developer has come forward to ask for an extension of 120 days to explore these options further. Specifically, they are looking at mixed of uses at Piers 30-32 both trust consistent uses, maritime uses and office and restaurant uses at Pier 30-32 with some of tax increment proceeds earmarked to fund a homeport cruise

terminal at Pier 27. Staff is coming forward with an 8th amendment to support this linked project at Piers 30-32 and a cruise terminal at Pier 27. Staff have never done this type of linkage before; this is a challenging project. He pointed out two specific challenges and will be the subject of investigation during this 120-day period. There has not been any development competition for the rights at Piers 30-32, SFCT's development right has expired. There will be a sole source determination about the Board's policy of competitive solicitation that they would have to seek a waiver. Specifically, we would have to have a project at Piers 30-32 even with the linkage that the State lands Commission in Sacramento deemed to be public trust compliant. These are the two specific issues that they would be pursuing during this period. We are presenting this linkage in concept. We don't have any specific development plans to present to the Commission today. Besides investigating these two issues, the developer would explore the land use plan and program specifically at Piers 30-32 and the financial feasibility both of that project and how much funding it could provide to link the project at Pier 27.

Jennifer Clary, San Francisco Tomorrow, apologized for the late letter she sent. The Port should not be renewing this amendment. This project has nothing in common with the RFP to which it is responding that was issued almost 8 years ago. That RFP was for a recreational development on Piers 27-31. The Port now has a cruise terminal on Pier 27 and some office uses on Piers 30-32. There's no linkage that State Lands Commission would recognize. From the approval process they did for Piers 27-31, not only would they not approve linkages, they didn't even approve trust compliance unless the trust uses were all in the same shed. If you recall, they did trust compliance individually for Piers 27, 29 and 31. There's no way in the world that this is trust compliant. Over and above that, you have to have to some integrity for your development process. People have to understand that when the Port puts out an RFP, this is the project you are planning for. She can understand a certain amount of give when you are actually in negotiations and creating a project but you now no longer have a recreation project. You have a cruise terminal and an office building. You need to stop this RFP. If this is something the Port wants to do, the RFP should be reissued.

Jamie Whitaker, Rincon Hill Neighborhood Association Vice chair, indicated that he looks forward to better use of Piers 30-32 besides being parking lots and looks forward to Pier 36 and what remains at Pier 34 and the Brannan Street Wharf getting refurbished. The area is trying to become a primarily residential area, a densely populated residential area and he hopes that open space is included in any plans that may come forward if the Port approves the RFP process. What would be important for them is not having a dead space in the evenings and on the weekends similar to what's in the financial district. Tumble weeds kind of blow through the financial district on the weekends and the evenings and it would be a terrible waste. They look forward to what comes forward.

Jeffrey Leibovitz, South Beach Mission Bay Association, announced the formation of a new neighborhood association called the South Beach Mission Bay Neighborhood Association. They've had two successful meetings where approximately 50 people turned out. Their geographic boundaries go from 4th Street to the waterfront, the

Embarcadero, from Folsom Street to the ballpark. With that said, he asked the Commission to consider them for all developments at South Beach. Rincon Hill South Beach CAC which he is a member of is on its last leg. There's one development opportunity and the citizens advisory committee with the Redevelopment Agency will dissolve because there are no more development opportunities. It's important that the Port consider those of them who live, work, and participate in this community when it comes to decisions. He read in today's Examiner with some surprise that this proposal is fait accompli but obviously, it's not. He thanked Tom Hart for coming forward and taking the bait about Piers 30-32. In one of the hearings when he suggested if they were having problems on the north end of the waterfront, they can come down to the south end. They opened up a dialog and possibly can do something with Piers 30-32. Those of them who lived there have supported the development on that pier with the Port and with the community. They would support further development but they need to be involved with that. He's heard clarification from Port staff that there are no proposals at this time. This is just the ENA. He highly asked the Commission to approve the ENA and allow the developers to go forward to see if there is a way to make this work for the Port. On another note, he spent three days in Vancouver last week. It's one of the most spectacular waterfront cities in the world. It is a model for development for San Francisco. It puts San Francisco to shame. It shows what a city with a wherewithal and the correct planning can do with their waterfront and you don't have the obstructionists that you have in San Francisco that want to stop everything from happening to preserve either private views or tell you that it's inappropriate and it needs to be revisited. He thinks that the Port Commission needs to go up there and talk to the city officials and figure out how they've done it so we can go on with the business of developing San Francisco's waterfront for the benefit of Californians and visitors. It's a sad state of affairs and it's unfortunate that we face such an enormous budget to take care of our magnificent waterfront jewel. He asked the Commission to approve the extension.

Ernestine Weiss agreed with Jeff Leibovitz comments that Vancouver is a city that we should be modeling ourselves after. They've done it well. There weren't objections to what they planned. It came out beautiful. It's very similar to San Francisco. They have Stanley Park with high rise residences on the side and it's beautifully balanced. She encouraged the Commission to move forward with the extension and explore everything. Cruise is important to the City and it's our number one business. She meets people on the trolleys from all over the world coming here to spend money. That's what's keeping San Francisco afloat. Without that, we would be in dire straits. Reconsider that and plan a little more and do it right. Let's look like Vancouver.

Dennis MacKenzie, Round The Diamond, sent an updated proposal to the Commission last week. He asked the Commission to take into consideration the need for a long-term comprehensive vision of how to meet the numerous public trust requirements and goals for the highest and best use development of the 7.5 miles of Port property. He requested that the Port Commission initiate a collaborative public/private nonprofit foundation in order to assist in developing an education sports and recreation fund that can be financially supported by all current and future private developers of all the Port property, piers and seawalls. It's expensive to do

anything that's for the tremendous public needs e.g. the high school kids in this city which his proposal addresses. He asked the Commission to work with all public/private sector officials and developers in order to provide the visionary leadership necessary to develop a partnership in support of his proposal to include within the original design and construction of SWL 337 a self-supporting basketball education and career pathway arena for the benefit of all our local youth and San Francisco Unified School District High School kids. He asked for this to be a collaborative effort between the local public officials, the state officials and the federal officials as well as the SFUSD. The Port piers are in tremendous need of $2 billion of repairs. San Francisco public facilities, the high schools, the gymnasiums, the classrooms are 50-60 years old and need more than $2 billion worth of work. The billion dollars you spend on schools in this district is just to upgrade it for ADA accessibility. His proposal is to ask this Commission to formulate an initiative to build a basketball education center somewhere on these piers which he believes SWL 337 might be the best place if Pier 27 is the appropriate common sense place to put a cruise terminal. Obviously, we know that ten years ago, Chelsea Piers did not get the project. Mills collapsed. This project is already going through transformations. He asked for a visionary, a long-term perspective of all the needs of this city especially our high school kids. He's also asking as part of this project to create a sports management and facilities operations pathway for the junior and senior high school kids in this city. Currently, there is no such pathway. There is no government and public service pathway that introduce our kids to the integrity and responsibility and honesty that the public servants must have.

Fred Allardyce, Barbary Coast Neighborhood Association, indicated that a large portion of their constituents in the north end of the waterfront – 101 Lombard, Telegraph Landing, Park Telegraph and the commercial tenants at Levi's Plaza and up and down the waterfront – are very concerned about the "recreational use of Piers 27-31" which was in the WLUP which was adopted by the Port Commission in 1997 of what seems to go through the bouillabaisse of cuisinarts. He respects Shorenstein. They hope they will become part of the Port's future. They will get it done when they get it done. However, he is very curious with their moving their interest to Pier 30-32. What happens to the recreational component on Piers 27-31? He hopes that the Commission will consider that as a higher use and has been shelved recently in previous negotiations and the neighborhood looks forward to working with the Port in the future.

Commissioner Hardeman indicated that if you take the whole coast of California and you look at the coast and then take San Francisco with us trying to connect two piers with this pin dot away, he does not think it would be difficult for State Lands to make that connection. The reason why this project has moved away from Piers 27-29-31 is because he was told by a San Francisco supervisor that not one inch of variance would be made at the end of any of those piers. Not one inch, not 8 feet, not 4 feet. He was sure that was mentioned to the Shorenstein team. They're looking at Piers 30-32 because they have been badgered out of Piers 27-29-31. Somebody mentioned to him prior to this meeting that having the cruise ship terminal at Pier 27, if you are a cruise ship operator, it's much more convenient than having it at Piers 30-32. It saves at least half an hour on each docking. It's an hour in and out, may be sometimes up to

two hours. That's another possible reason why we can make this separation; the validity of the convenience for the cruise ship operators at Pier 27. This project is moving in a different direction because the developer has been forced to move in a different direction. We should not hold it against them by not giving them this extension.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 08-36 was adopted.

10. REAL ESTATE

A. Informational presentation regarding Fiscal Year 2008-09 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates.

Jeff Bauer, Senior Leasing Manager, indicated that on September 8, 1993, the Port Commission delegated the authority for the Executive Director to execute leases on behalf of the Port, provided those leases met certain business parameters. Part of the leasing policy included the rental rates. The Port's leasing policy provides for an annual update. The schedule was last updated on June 12, 2007. Since 2007, the San Francisco commercial market has flattened; however, the demand for waterfront office and warehouse office has remained very high. The Port's current vacancy rate for office space along the waterfront is only 2%. The City averages approximately 12%. Staff recently conducted a survey of like situated properties along the waterfront to that of Port property. It appears that our rental rates are in line with market comparables for both office and warehouse space. There are some categories that Port staff is suggesting changes which are included in the staff report. The Port operates a number of parking facilities where it leases individual parking stalls. Most of the individual parking stalls are Port employees or Port tenants. The rates are last updated June 12, 2007 when the Commission approved the monthly parking stall rate schedule. The current annualized monthly parking stall revenues are approximately $378,000. Following a survey of comparable parking facility, staff has determined that our parking rates are in line with current market conditions. Staff recommends only incremental increases to the parking stall schedule. In order to standardize the filming and special event fees that the Port charges, staff established a special event and filming fee schedule which was approved by the Commission on May 16, 2006. Staff is proposing no changes to the current 2008/2009 schedule with the exception of Pier 48. That exception is made because half of the pier was leased to the Department of Elections so the venue has shrunk into 50% of its size. Staff will return at the next Commission meeting and request approval of the updated FY 2008-09 Schedules.

Commissioner Rodney Fong asked if special events berthing rate is included in the Special Events such as the tall ships event. Ms. Moyer replied that berthing rates are set by tariffs through the California Association of Port Authorities. We have an outstanding tariff that has to be approved first by the CAPA and then will be brought to the Port Commission. The landside amenities that Tall Ships might need would be under this rental rate schedule.

Walter Caplan, San Francisco Model A Ford Club, indicated that in early February, the Commission was gracious to approve a 50% reduction in fee rate for their car show, which is in its 6th year at Fisherman's Wharf as part of the Crab Festival. It made it possible and allowed them, as part of a non-profit event, to be able to donate $1,000 to the Fisherman's and Seamen's Chapel at Pier 45 and $1,000 to the law enforcement torch run for the Special Olympics Athletes. This year, the Port Commission will adopt a bundle of fee schedules. On page 10 of the staff report, there's a proposed fee waiver for the 4th of July celebration, Fleet Week, etc. and a proposed fee reduction for the small boat fishing gear swap meet and a fee reduction of 50% for the Delancey Street Christmas lot. He asked that the Port Commission request Port staff to add to the proposed fee reductions an allowance that would allow the Crab Festival Car Show to have a 50% reduction in fees for its car show. He is aware that this year there will be construction on Taylor Street. He has spoken to Katharine Arrow and attended the Community Benefit District meeting this morning and they will work with staff to find an appropriate time and place and way to have the car show occur this year. Hopefully, at least in an abbreviated way, they can have a car show which will allow them continuity because after 6 years, if the car show does not happen this year, it would probably be the end of the car show and it will keep them from continuing it in the future. They've been incredibly successful in working with the hotels and the merchants and the Fisherman's Wharf Merchants Association as well as the CBD in putting in a great event which brings people and families back to San Francisco, many of whom left here to raise their families and come back for a great weekend. He asked for the Commission's support and asked to include this event in the fee schedule.

Commissioner Brandon asked how staff decide on who goes into the exception phase for the discounted rate. Mr. Bauer replied that we included a number of events last fiscal year that we traditionally waive the fee on an ad hoc basis such as 4th of July, New Year's Eve celebration. We look at events that have strong maritime basis such as Madonna Del Lume, the fish gear storage and also have a history and tradition with the Port such as Delancey Street. The Port having a maritime mission, we choose wisely for the events that we would either waive or reduce the fee. We know about this event; we went through a vetting process and we chose to let the fee stand.

B. Request approval of a Memorandum of Understanding M-14562 between the Port of San Francisco and the San Francisco Police Department for the Stationing of the Police Marine Unit at Hyde Street Harbor for a term of 60 months. (Resolution No. 08-37)

Jeff Bauer, Senior Leasing Manager, indicated that beginning in 2003, the Marine Unit moved from Treasure Island to Hyde Street Harbor under an MOU with the Port. This provided a more centralized location in the most active part of the Port which translated to a faster response to Port property and an enhancement of security for both Port and the public safety. The current MOU expires on July 31, 2008. Staff wishes to enter into another MOU under the following terms and conditions: a term of 60 months with a use fee of $1 per month. The MOU will be effective August 1, 2008. The Marine Unit is under the authority of a BCDC permit which expires in August. We are now seeking renewal of that approval for the period of time they

would be there. Staff recommends the Port Commission approve the MOU between the Port Commission and the SFPD for the rental of facility located at Hyde Street Harbor for a term of 60 months.

Commissioner Brandon asked if there are any changes to the terms from the original MOU or is it exactly the same. Mr. Bauer replied that we are looking at all the aspects and all the fundamental issues we go through with a regular tenant. Their lease is pretty identical. Commissioner Brandon asked if there are any changes from the original MOU. Mr. Bauer replied no.

ACTION: Commissioner Fong moved approval; Commissioner Shakofsky seconded the motion. All of the Commissioners were in favor; Resolution No. 08-37 was adopted.

11. NEW BUSINESS / AGENDA SETTING

Ms. Moyer reminded the Commission that we are going to our once-a-month schedule beginning in June. She noted that the July 8 meeting follows a long holiday weekend. Although Monday, July 7, is a workday. She noted that Memorial 2009 is going to be early again. Under our normal schedule, we would have a Commission meeting the following day. That is not something we need to address today but we should do so when we set the calendar in November. At the June 10th meeting, the item that will likely take most of our time is the Informational presentation of Design for Taylor Street Roadway Improvement Project. At the request of one of our Port tenants, Port staff have been working with the Department of Public Works because we share jurisdictions. We've been meeting with a number of tenants but there will be impacts to the restaurants and the restaurateurs will also be in attendance to discuss their concerns and hope that the Port will pay them for their pain. We intend to be back for an action item for the SWL 351 on July 8, 2008.

Commissioner Hardeman asked if Ms. Moyer would like to announce that we will start the meeting earlier in executive session. Ms. Moyer replied not at this time since we're still in discussions about that. Commissioner Brandon commented that at this point, there's nothing on the calendar for August. Ms. Moyer replied that we don't have any items yet since it's still early.

Marty Coressel asked for a short update on the Brannan Street wharf project on a quarterly basis. They are not looking for anything in detail just the status. He asked the Commission to consider that item for August.

12. PUBLIC COMMENT
13. COMMUNICATIONS
14. ADJOURNMENT

ACTION: Commissioner Hardeman moved approval to adjourn the meeting; Commissioner Fong seconded the motion. All of the Commissioners were in favor.

Commission President Brandon adjourned the meeting at 6:18 p.m.

SAN FRANCISCO PORT COMMISSION

Kimberly Brandon, President
Rodney Fong, Vice President
Michael Hardeman, Commissioner
Ann Lazarus, Commissioner
Stephanie Shakofsky, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

AGENDA
TUESDAY, MAY 27, 2008
2:00 P.M. EXECUTIVE SESSION
3:15 P.M. OPEN SESSION
PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

DOCUMENTS DEPT

MAY 23 2008

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1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** - May 13, 2008

3. **PUBLIC COMMENT ON EXECUTIVE SESSION**

4. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

      (1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

         a. Property: Pier ½
         Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
         *Equity Office Partners: Harout Hagopian

         Under Negotiation: _____ Price _____Terms of Payment X Both
         An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier ½.

b. Property: Pier 80
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*PortsAmerica (formerly known as Marine Terminals Corp.): Don Wylie

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 80.

c. Property: Piers 15/17
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Exploratorium: Dennis Bartels

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 15-17.

5. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

A. Executive Director's Report
- Annual Potrero Boosters Dinner – May 27, 2008 from 7:00 to 9:30 p.m. at UCSF Mission Bay Conference Center
- SPUR Bay Discovery Cruise – June 2, 2008, 5:30 p.m. reception, 7:00 p.m. cruise
- KKSF Sunday Brunch Program at Fisherman's Wharf

B. Informational Presentation Regarding the Proposed Charter Amendment Related to Pier 70 Redevelopment

8. CONSENT

A. Request authorization to issue Request for Proposals for a Concrete and/or Asphalt Batching Plant at Seawall Lot 352 with a Bulk Maritime Terminal at Pier 94. (Resolution No. 08-35)

9. PLANNING & DEVELOPMENT

A. Informational Presentation on SWL 351 Development Criteria (The Embarcadero at Washington Street).

B. Request approval to execute Eighth Amendment to the Amended and Restated Exclusive Negotiation Agreement with SF Piers LLC for the Piers 27-31 Project on The Embarcadero, between Francisco and Battery Streets and for Piers 30-32 on The Embarcadero, between Bryant and Brannan Streets. (Resolution No. 08-36)

10. REAL ESTATE

A. Informational presentation regarding Fiscal Year 2008-09 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates.

B. Request approval of a Memorandum of Understanding M-14562 between the Port of San Francisco and the San Francisco Police Department for the Stationing of the Police Marine Unit at Hyde Street Harbor for a term of 60 months. (Resolution No. 08-37)

11. NEW BUSINESS / AGENDA SETTING

- New Business
- Agenda Setting (Targeted Commission meeting, subject to change)
  - Informational presentation regarding the floodplain management restrictions associated with National Flood Insurance Program (June 10, 2008)
  - Informational presentation of the design for the Taylor Street Roadway Improvement Project (June 10, 2008)
  - Request approval to recommend to the Board of Supervisors to submit to the qualified voters of the City & County of San Francisco at an election to be held on November 4, 2008, a proposal to amend the City Charter by adding B7.310, Pier 70 Maritime District, and B7.320, Agreements with Other City Departments, and amending Section B6.406, Harbor Revenues and Expenditures (June 10, 2008)
  - Request authorization to advertise for competitive bids for the construction of the Pier 45 Drainage Improvement Project (June 10, 2008)
  - Request approval of a Memorandum of Understanding (MOU) with the Real Estate Division of the General Services Agency for real estate leasing services for a two-year term (June 10, 2008)
  - Request authorization to retroactively execute a contract modification to the Pier 52/54 Boat Launch, Contract 2713 with Dutra Construction Co., Inc., to extend the

substantial completion date by an additional 117 days to May 30, 2008 (June 10, 2008)

- Request approval of Fiscal Year 2008-09 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates (June 10, 2008)
- Request authorization to select and award a contract to Carey and Company, Inc. Architecture in an amount not to exceed $25,186.25 for Historic Preservation Consulting Services to prepare a National Register Historic District Nomination as part of a Master Plan for the Pier 70 Area (June 10, 2008)
- Request approval of the design for the Taylor Street Roadway Improvement Project (July 8, 2008)
- Request approval of the Port's Revised Annual Operating and Capital Budgets for Fiscal Year 2008-09 (July 8, 2008)
- Request approval of a ten (10) year and one-hundred-eighty (180) day lease (L-14564) with Portco, Inc. for premises located at 360 Jefferson Street (July 8, 2008)
- Request approval of the Port's proposal for projects and funding to be included in the first issuance of the 2008 Clean and Safe Parks General Obligation Bonds (July 8, 2008)
- Update on Port response to the Controller's Audit of the Port's Purchasing and Inventory Systems (September 2008)
- Informational presentation regarding a Memorandum of Understanding No. M-14534 between the Port and the San Francisco Public Utilities Commission for a Solar Power installation on the Lighter Freight Facility at Pier 96 (Date to be determined)
- Request approval of a Memorandum of Understanding No. M-14534 between the Port and the San Francisco Public Utilities Commission for a Solar Power Plant installation on the Lighter Freight Facility at Pier 96 (Date to be determined)
- Request authorization to issue Request for Proposals for Seawall Lot 351 (Embarcadero at Washington) (Date to be determined)
- Request authorization to advertise for Invitation for Proposals for the Demolition and Disposal of Port's Drydock No. 1 (Date to be determined)
- Request adoption of Findings under the California Environmental Quality Act; Approval of Memorandum of Understanding (MOU) with Public Utilities Commission (PUC) for jurisdictional transfer of 4 acres of Seawall Lot 356 (located at 26th and Maryland Streets) from the Port to the PUC; Approval of MOU with the PUC for underground utilities and Approval of License with Industrial Construction Company, Inc. for construction laydown space at Seawall Lot 356 for parameter rent (Date to be determined)
- Request Approval of First Amendment to Exclusive Negotiation Agreement Between Port and The Exploratorium and of Amended and Restated Term Sheet for Pier 15 and Pier 17 (Site Location: Piers 15/17 on the Embarcadero at Green Street) (Date to be determined)
- Request approval of an amendment to the Settlement Agreement between PG&E and the City and County of San Francisco, dated June 14, 2005, regarding a claim of encroachment by the PG&E Hunter's Point Power Plant on Port property, to agree to a month-to-month extension of the agreement and to clarify the rental

payment procedures, including the annual adjustment of rent (Date to be determined)

12. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

13. COMMUNICATIONS

Communications to the Port Commission from May 9, 2008 to May 22, 2008:

- From Port staff, copy of a letter from Steve Castleberry, Water Emergency Transportation Authority, regarding Seawall Lot 351 Development Project
- From Melissa Farrell, Stellar Solutions Aerospace, regarding Ferry Plaza parking
- From Port staff, copy of a letter from Doug Biederbeck, Market Bar Owner, regarding Pier ½ parking
- From Gary Barrango, San Francisco Model A Ford Club President, regarding 2008 Classic Car Show at Fisherman's Wharf
- From Tim Colen, Executive Director, San Francisco Housing Action Coalition, regarding SWL 351
- From Michael Cohen, Director of Mayor's Office of Economic and Workforce Development, regarding SWL 351
- From John Rahaim, Director of City Planning, regarding SWL 351

14. ADJOURNMENT

JUNE/JULY 2008

CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
June 10	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
July 8	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562 or jay.ach@sfport.com

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jennifer Sobol @ 274-0548 or jennifer.sobol@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets regularly on the third Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the third Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

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ACCESSIBLE MEETING INFORMATION

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets.
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

May 22, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Ann Lazarus
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation Regarding the Proposed Charter Amendment Related to Pier 70 Redevelopment

DIRECTOR'S RECOMMENDATION: Informational Presentation; No Action Required

Overview

During the first half of 2007, Port staff worked closely with a committee of individuals established by the San Francisco Planning and Urban Research Association to analyze the Port of San Francisco. The group was co-chaired by Mike Wilmar and Teresa Rae of SPUR, and included Sean Randolph, Ann Halsted and Will Travis (Chair, Vice-Chair and Executive Director of BCDC), Jennifer Clary, and Bill White. Then Port Commission President Ann Lazarus and numerous Port staff participated in the effort as well.

In August 2007, SPUR published Hard Choices at the Port of San Francisco, an examination of the Port's history and its infrastructure, regulatory and financial challenges. The piece concluded with a variety of recommendations related to land use and financing. The SPUR paper included the following recommendation:

> "After setting a baseline to [protect] the General Fund, the City should authorize the Port to waive payroll or other taxes – particularly in areas such as Pier 70 – if Port tenants make investments necessary to fix the Port's historic structures or clean up contamination."

This staff report outlines a proposed amendment to the San Francisco Charter introduced by Supervisors Maxwell, Alioto-Pier and Ammiano that is designed to enhance Port efforts to redevelop Pier 70. The measure also makes technical amendments to other Port-related provisions of the Charter.

THIS PRINT COVERS CALENDAR ITEM NO. 7B

Pier 70 Background

Pier 70 is an approximately 65-acre brownfields site, located on San Francisco's Central Waterfront, generally between 18th and 22nd Streets, east of Illinois Street. The Potrero Power Plant is located immediately to the south of the site. For over 150 years, some portion of this site has been in use for ship building and repair, or steel production, as well as for other supporting heavy industrial uses.

Pier 70 is where the late 19th century Union Iron Works began and later evolved into the Bethlehem Steel Shipyard. It is the oldest continuously operating shipyard on the west coast. Currently the Port's ship repair operation occupies a 16-acre portion of the site run by BAE Systems, under lease from the Port. Pier 70 retains a strong historic character, established by a large collection of historic architectural resources and artifacts throughout the site.

The State Office of Historic Preservation determined that the site's approximately 40 historic buildings, structures, and features are eligible for the National Register collectively as contributors to a Pier 70 historic district. Given the extraordinary historic value of this site, the Port Commission designated a substantial portion of the site as a Development Opportunity Area in the Waterfront Land Use Plan ("Waterfront Plan"), specifically for the purpose of supporting the Port's effort to preserve the Union Iron Works and Bethlehem Administration buildings along 20th Street. Many of the historic resources at Pier 70, including the Union Iron Works and Bethlehem Administration building, are condemned and are deteriorating.

Prior Pier 70 Development Efforts

In 2001, the Port issued two requests for proposals (RFPs), the "Arts Project RFP" and the "Mixed Use RFP," for development projects within an approximately 14-acre Mixed Use Opportunity Area at Pier 70 in the Southern Waterfront near Illinois and 20th Streets. The Arts Project RFP called for a non-profit arts project on 1.5 acres; the Mixed Use RFP called for a mixed-use development project on the remaining 12 acres.

Port staff worked closely with its Pier 70 Community Advisory Group to develop goals and objectives for each project RFP. The Port received responses from only two developers. The Port Commission authorized staff to enter into exclusive negotiations with the two respondents. The parties commenced a site planning process to achieve optimal development plans for both projects within the Pier 70 Opportunity Area. In 2002, the Port and its development partners elected to terminate exclusive negotiations for a variety of reasons, including financial and land use considerations.

Pier 70 Master Planning

Since late 2006, the Port of San Francisco has been conducting a public planning process to develop a master plan for Pier 70. The objective of the master plan is to set forth a concept and approach for the use and redevelopment of the Pier 70 area that is supported by the public, and which addresses and reconciles numerous regulatory, economic, maritime, historic preservation, open space and shoreline access issues. The Port's commitment to undertaking this project now is driven by the desire to preserve and rehabilitate as many buildings as feasible, while preserving the viability of ship repair operations now and over the long-term and, at the same time creating sufficient

economic opportunities to attract developers to carry out adaptive redevelopment at Pier 70. The Preferred Master Plan is scheduled to be completed in late 2008 and will be followed by a competitive solicitation for one or more development partners for Pier 70.

The Pier 70 Preferred Master Plan will:

- develop an economically viable land use program compatible with the ship repair industry;
- define historic district(s) that can be nominated and ultimately listed on the National Register of Historic Places;
- provide new waterfront public access and open space;
- be integrated with the urban design and use program of the larger Central Waterfront area;
- identify a financing strategy for required infrastructure improvements, including public financing mechanisms; and
- include a development phasing schedule that allows existing interim uses to remain on site until redevelopment occurs.

Pier 70 Development Approvals Under Existing Law

The adaptive reuse of Pier 70 has the potential to become the next great neighborhood in San Francisco. There are numerous regulatory and financial challenges to the reuse of the site.

Pier 70 has been used for heavy industrial purposes for 150 years and is known to be contaminated by heavy metals, hydrocarbons and other pollutants. The Port is currently conducting a site investigation with the aid of federal funding, with results expected in late 2008.

The historic resources at Pier 70 are threatened by the elements and by seismic risk. Many of these structures were constructed with unreinforced masonry; a large temblor could decimate some of the most culturally-significant structures at the site.

The combination of a brownfields site, a portion of which is built on Bay fill, numerous deteriorating historic structures and aging infrastructure that requires replacement means that Pier 70 redevelopment will require extraordinary investment, possibly in excess of $1 billion. Lease revenues and property tax increment from development of Pier 70 are unlikely to be sufficient to achieve the goals of the Pier 70 Master Plan.

Approvals for development at Pier 70 will take years. Major approvals will include:

- Port Commission approval of amendments to the Waterfront Plan and issuance of one or more RFPs and selection of one or more development partners for exclusive negotiations;
- Chapter 29 of the Administrative Code requires the Board of Supervisors to approve the *fiscal feasibility* of certain publicly-funded projects whose cost exceeds twenty-five million dollars, prior to commencement of environmental review;
- The San Francisco Planning Department, Major Environmental Analysis Division will conduct a review of environmental impacts of the proposed project and project alternatives consistent with the California Environmental Quality Act (CEQA) and such CEQA analyses are subject to appeal to the Board of Supervisors;

- If required, a regulatory agency with jurisdiction over the site will approve a site remediation or site management plan, or the equivalent, for the relevant portion of Pier 70, where the Port or a former owner, occupant, or operator is the primarily responsible party;
- The California State Lands Commission will review and approve any proposed relocation of the public trust designation within the Pier 70 area and opine on the consistency of the project with the public trust for commerce, navigation and fisheries where required;
- The State Historic Preservation Office and the National Park Service will decide whether to list a Pier 70 historic district on the National Register of Historic Places;
- The Planning Commission and the Board of Supervisors will approve any required zoning changes;
- The Board of Supervisors will approve any Pier 70 property tax increment financing from an *Infrastructure Financing District* (California Government Code Section 53395 et seq.) to fund public improvements to Pier 70;
- The Port Commission and Board of Supervisors will approve any Pier 70 lease exceeding ten years or a million dollars;
- The Bay Conservation and Development Commission will issue a permit for shoreline access and improvement for the 100' shoreline band of Pier 70 along San Francisco Bay inside the premises of any proposed lease;
- The State Historic Preservation Office and the National Park Service will approve the consistency of the project, where required, with Secretary of the Interior Standards for Historic Preservation, for purposes of determining eligibility for federal historic tax credits.

Overview of Proposed Charter Changes

The purpose of the proposed changes to the San Francisco Charter proposed by Supervisor Maxwell is to provide the Port Commission, the Mayor and the Board of Supervisors with two additional tools to promote effective development and reuse of Pier 70 that is supported by the public, and which addresses and reconciles numerous regulatory, economic, maritime, historic preservation, open space and shoreline access issues. These tools include:

1. A method whereby the Board of Supervisors can approve a Pier 70 plan, in lieu of Pier 70 Charter Section 9.118 lease approvals, thereby increasing certainty in the development approval process and lowering risk capital premiums for the private equity that will be required to redevelop the site; and

2. A new financing tool for waterfront improvements such as maritime terminals, the remediation of environmental conditions, the seismic strengthening of structures, and the renovation of existing buildings or piers in accordance with Secretary of Interior Standards for Historic Preservation. If the Port Commission can demonstrate and the Board of Supervisors finds that lease revenues and property tax increment from Pier 70 are insufficient to fund public improvements, the Charter Amendment will allow General Fund financing of Pier 70 waterfront improvements not to exceed 75% of the Controller's and Tax Collector's projection of growth in payroll and hotel taxes accruing to the General Fund arising from the redevelopment of Pier 70.

These tools mirror strategies employed for successful waterfront redevelopment and historic rehabilitation projects in other locations. The Philadelphia Navy Yard is an apt example: Philadelphia and Pennsylvania adopted a broad range of investment incentives and tax exemptions to promote redevelopment of the Navy Yard, which includes a 167 acre National Register Historic District along 2.5 miles of the Delaware River (see http:navyyard.org).

The remainder of this staff report describes existing law and the proposed changes to the Charter in more detail. The latest draft of the proposed Charter Amendment is attached in Appendix A.

Existing Law

1. The Port generally finances improvements to Port property with Port revenues, grants, federal historic tax credits, and public-private development projects. Other than funds recently approved by voters in February 2008 for waterfront parks on Port property (Proposition A), the City does not currently provide funds to the Port from City tax revenues for waterfront improvements. Pursuant to the Capital Plan adopted by the Port Commission and the Board of Supervisors, the Port intends to seek approval of *Infrastructure Financing Districts* to finance publicly-oriented waterfront improvements, pursuant to California Government Code Section 53395 et seq.

2. The Port and other City departments may enter into memoranda of understanding regarding their various activities. The City is not obligated to appropriate funds for the expenditures under such agreements, although departments may annually request that the City, in its discretion, appropriate such funds.

3. Pursuant to Section 9.118 of the Charter, except for maritime leases, the Port Commission must submit all leases of real property to the Board of Supervisors for approval if the lease has a term of ten years or more, including options to extend, anticipated revenue of one million dollars or more to the City and County, or requires anticipated expenditures by the City of ten million dollars or more.

4. The Charter specifies the purposes for which revenues obtained from Port properties may be used, and prioritizes those uses.

Amendments to Current Law

Pier 70 Plan

Under this proposal, the Port Commission may submit to the Board of Supervisors for the Board's approval, a financial and land use plan for an area within Pier 70 of the port (the "Pier 70 Plan") that the Port intends to improve. The plan will include a description of the boundaries of the area within Pier 70 to be improved (the "Pier 70 Maritime District"), and projections of financing required for the waterfront improvements in addition to any property tax increment financing. Waterfront improvements may include, but not be limited to, waterfront parks, the preservation of deteriorated piers and related facilities for maritime use, the remediation of environmental conditions, the seismic strengthening of piers and structures that are historic resources and the historic

rehabilitation of such piers and structures in accordance with Secretary of Interior Standards for Historic Preservation. Improvements may not include interior building remodeling.

The Clerk of the Board of Supervisors will refer the plan to the Controller. The Controller and the Tax Collector, in consultation with the Department of Real Estate and Port Commission, will report to the Board on the taxes received from the payroll expense taxes and hotel taxes received by the City from businesses and hotels in the Pier 70 Maritime District in the full fiscal year immediately preceding the submission of the plan to the Board. The report will also include a projection of the annual increases in payroll and hotel taxes that would accrue to the City's General Fund each year, for the next twenty years, starting with the issuance of a certificate of occupancy related to any lease in the Pier 70 Maritime District, based on assumptions of growth and development of uses in the Pier 70 Maritime District.

The Board of Supervisors may approve the Pier 70 Plan while deciding not to approve the financing plan proposed in the plan. The Board may approve the financing plan if the Board finds that the sum of lease revenues and property tax increment financing from development of the Pier 70 Maritime District is insufficient to fund the proposed improvements in the district.

General Fund Financing for Waterfront Improvements

If the Board of Supervisors approves the financing plan contained in the Pier 70 Plan, the City must appropriate to the Port discretionary General Fund revenues in an amount necessary to pay debt service on any indebtedness issued by the Port Commission to finance proposed improvements in the Pier 70 Maritime District. The amount appropriated by the City will not exceed 75% of the projected increase in payroll and hotel tax for the district during the fiscal year in which the Port Commission is obligated to pay debt service on the indebtedness and for each fiscal year thereafter until the earlier of: (1) the date the Controller certifies that the Port Commission has retired all indebtedness or (2) twenty fiscal years. The amount to be appropriated by the Board of Supervisors will not be adjusted based on the taxes actually accruing to the City from the district.

Before undertaking or issuing any indebtedness for financing the improvements, the Port Commission must approve by resolution a capital budget for the improvements and find that Port revenues, including property tax increment, from private investments or development within the area to be improved, are insufficient to fund the improvements

Approval of Pier 70 Leases

If the Board of Supervisors approves the Pier 70 Plan, the Board's approval will constitute approval of any lease required for the development of the Pier 70 Maritime District if conditions specified in the proposal, including the following are satisfied: (i) the Controller, in consultation with the Department of Real Estate finds that the lease is consistent with the plan; and, if applicable (ii) the lease requires the parties to (a) obtain from the National Park Service and/or the State Historic Preservation Office a finding of consistency of the project authorized by the lease with Secretary of Interior Standards for Historic Preservation, and (b) obtain a permit from the Bay Conservation and Development Commission for the improvement and maintenance of the 100-foot shoreline band along Pier 70 in the premises of the lease. Approval of the Pier 70 Plan, therefore, would waive the

requirement for the Board of Supervisors' approval of the lease pursuant to Section 9.118 of the City Charter, subject to these conditions.

Agreements with Other City Departments

Under this proposal, the Mayor may submit to the Board of Supervisors' approval an interagency agreement between the Port Commission and other department or departments of the City. Approved by the Port Commission by resolution, that requires the department or departments to expend funds or transfer funds to the Port Commission, or requires the Port Commission to transfer funds to the department(s). If the Board of Supervisors approves the agreement by resolution, the City must appropriate funds sufficient to fund the expenditure or transfer under the agreement. The parties to the agreement may not modify the agreement to affect the amount to be expended or transferred without the approval of the Board of Supervisors by resolution.

Priority Uses

The proposed legislation updates the priority of uses for Port revenues. These changes will modernize the *flow of funds* described in the Charter, consistent with current industry practice. This change will help the Port as it prepares to issue new debt as proposed in the Port's Capital Plan, which could occur as early as 2009.

Next Steps

Port staff intends to submit this proposal for review by the Central Waterfront Advisory Group at a special meeting on May 28, 2008 and to return to the Port Commission on June 10, 2008 for further policy direction. According to Supervisor Maxwell's Office, the Pier 70 Charter Amendment could be considered by the Rules Committee of the Board of Supervisors as early as June 20, 2008.

Prepared by: Brad Benson, Special Projects Manager

Appendix A
Text of Proposed Charter Amendment

CHARTER AMENDMENT

PROPOSITION ____

Describing and setting forth a proposal to the qualified voters of the City and County of San Francisco to amend the Charter of the City and County of San Francisco by adding Sections B7.310 and B7.320 , and amending Section B6.406, to: authorize the Board of Supervisors to approve a Pier 70 financial and land use plan; require the City to appropriate General Fund revenues in an amount up to 75% of the projected hotel and payroll taxes attributable to improvements at Pier 70 to finance those improvements; waive Board approval of leases consistent with the approved Pier 70 plan; require the City to appropriate funds for Board-approved agreements between City departments and the Port Commission; and, updating the priorities for use of Port revenues.

The Board of Supervisors hereby submits to the qualified voters of the City and County, at an election to be held on November 4, 2008, a proposal to amend the Charter of the City and County by adding Sections B7.310 and B7.320, and by amending Section B6.406, to read as follows:

Note: Additions are *single-underline italics Times New Roman*.
Deletions are ~~*strikethrough italics Times New Roman*~~.

SEC. B6.406. HARBOR REVENUES AND EXPENDITURES.

The revenues of the harbor and of all properties and facilities incident thereto, or used in connection therewith, shall be deposited in a separate fund in the treasury of the City and County; and a harbor trust fund or trust funds shall be established by the City and County; and the City and County shall deposit in the fund or funds all monies received attributable to facilities on the transferred lands in the harbor.

Subject to the terms and conditions of Statute 1968, ch. 1333, appropriations from such funds shall be made for the following purposes and in the order named, viz:

(a) for the payment of maintenance and operating expenses, pension charges and proportionate payments to such compensation and other insurance and accident reserve funds as the commission may establish or the board of supervisors may require;

~~*(b) for payment of the principal and interest of any obligations of the State of California and assumed or agreed to be paid by the City and County of San Francisco;*~~

(b) ~~*(c)*~~ for the payment of principal, interest, reserve funds, sinking funds, and other funds established for the benefit of ~~*revenue bonds issued pursuant to the authority contained in Section 7.305 of*~~ *any forms of indebtedness issued or undertaken by or on behalf of the commission for any purpose authorized under* this charter, *including, but not limited to, revenue bonds, general obligation bonds, infrastructure financing district bonds, certificates of participation, lease revenue bonds, commercial paper, variable rate demand notes, auction rate securities, bond anticipation notes and other evidences of indebtedness*;

(c) ~~*(d)*~~ for capital improvements to, *and reconstruction and replacement of,* the properties, *equipment and facilities* of *the* harbor ~~*or used in connection with the operation thereof*~~, *and*

~~*(e) for the payment of the principal and interest on any general obligation bonds issued by the City and County of San Francisco for the acquisition, construction, repair or extension of said harbor or of any of the facilities used in connection therewith;*~~

~~*(f) an amount which shall be sufficient to meet the cost of reconstruction and replacement made necessary by the physical and functional depreciation of any of the properties or equipment of said harbor as the same shall occur;*~~

~~*(g) to pay for extension and betterments to said harbor or to the equipment and facilities thereof; and,*~~

(d) ~~*(h)*~~ to establish a *reserve*, surplus or sinking fund for ~~*the improvement or extension of the harbor or any facility used in collection therewith*~~ *harbor operations, capital improvements,*

reconstruction, and replacement of equipment or facilities used in connection thereto as the commission may establish.

In the event of a conflict between any trust indenture or other instrument securing or evidencing indebtedness outstanding as of January 1, 2009 and authorized in this charter and the priorities set forth in this Section B6.406, the priorities of the debt instrument will control.

SEC. B7.310. PIER 70 MARITIME DISTRICT.

(a) The Port of San Francisco's southern waterfront includes a site known as Pier 70. For over 150 years, some portion of this site has been in use for ship building and repair, or steel production, as well as for other heavy industrial uses. In 2001, the California State Office of Historic Preservation determined that Pier 70's approximately 40 historic buildings, structures, and features are eligible for the National Register collectively as contributors to a Pier 70 historic district. This Section B7.310 is intended to enable the City and County, through its Port Commission, to rehabilitate the Pier 70 historic district by establishing planning, financing and project approval mechanisms appropriate to the area. These mechanisms will serve a significant public purpose by preserving and restoring historic waterfront properties in need of repair, restoring waterfront land, and building new waterfront parks and maritime terminals.

(b) The Port Commission may submit to the Board of Supervisors for approval a financial and land use plan for Pier 70 ("Pier 70 Plan") that includes a description of the boundaries of a Pier 70 planning area ("Pier 70 Maritime District") and projections of the Port's need for financing, in addition to authorized property tax increment financing, to preserve and restore deteriorated Pier 70 historic waterfront properties, seismically strengthen Pier 70 piers and structures, remediate and restore contaminated waterfront land and structures, build new waterfront parks, and build maritime terminals ("Waterfront Improvements"). As used in this Section B7.310, Waterfront Improvements include renovation of an existing building or pier consistent with Secretary of the Interior Standards for Historic Preservation, seismic

strengthening, environmental remediation consistent with applicable regulations and/or a plan approved by a regulatory agency with jurisdiction over the contaminated area, construction and landscaping of waterfront open space, including natural shoreline habitat, and the construction or rehabilitation of maritime terminals, but do not include interior building remodeling.

(c) Before proposing to issue or undertake indebtedness to finance Waterfront Improvements pursuant to this Section B7.310, the Port Commission, by resolution, must approve a capital budget for the proposed Waterfront Improvements and find that the revenues, including property tax increment, from private investment in and development of the proposed Pier 70 Maritime District under the Pier 70 Plan are insufficient to fund the Waterfront Improvements.

(d) The Clerk of the Board of Supervisors shall refer the Pier 70 Plan to the Controller within thirty days after the Port Commission's submission to the Board of Supervisors. Within ninety days of the Clerk's referral, the Controller and the Tax Collector, in consultation with the Department of Real Estate and the Port Commission, shall report to the Board of Supervisors the following:

1. The total amount of taxes received by the City and County from (A) the City Payroll Expense Tax under Article 12-A of the Business and Tax Regulations Code, as amended from time to time (the "Payroll Tax"), from businesses located in the Pier 70 Maritime District, and (B) Tax on Transient Occupancy of Hotel Rooms under Article 7 of the Business and Tax Regulations Code, as amended from time to time (the "Hotel Tax"), from any hotel rooms located in the Pier 70 Maritime District (the "Base Year Tax Revenues") in the full fiscal year immediately preceding the submission of the proposed Pier 70 Plan to the Board of Supervisors; and

2. The projected annual increases in Payroll Tax and the Hotel Tax above the Base Year Tax Revenues that will accrue to the General Fund for each year ("Pier 70 Annual Payroll and Hotel Tax Increment") for a twenty year period following the issuance of a certificate of occupancy related to a Port lease for one or more areas pursuant to the Pier 70

Plan, using assumptions about growth and development of allowed uses in the Pier 70 Maritime District.

The publication of the Controller's and Tax Collector's report will not be a violation of Business &Tax Regulations Code Section 6.22-1. The Controller and the Tax Collector shall be entitled to reimbursement of their costs to perform their responsibilities under this Section B7.310.

(e) The Board of Supervisors may approve the Pier 70 Plan, with or without the financing for Waterfront Improvements described by the plan. The Board of Supervisors may approve the financing for Waterfront Improvements described in the plan, if it finds that the sum of (i) lease revenues and (ii) property tax increment financing from development of the proposed Pier 70 Maritime District under the Pier 70 Plan is insufficient to fund the proposed Waterfront Improvements.

(f) If the Board of Supervisors approves the Pier 70 Plan and associated financing for Waterfront Improvements, then, for the purposes of this Section B7.310, the Base Year Tax Revenues for the Pier 70 Plan will be the total Payroll Tax from businesses located in the Pier 70 Maritime District and any Hotel Tax from any hotel rooms in the Pier 70 Maritime District in the fiscal year preceding Port Commission issuance of debt to finance Waterfront Improvements pursuant to this Section B7.310, and the Controller and the Tax Collector, in consultation with the Department of Real Estate and the Port Commission, shall revise their projections of Pier 70 Annual Payroll and Hotel Tax Increment for a twenty year period, commencing on the projected date of the Port's issuance of a certificate of completion for the Waterfront Improvements financed pursuant to this Section B7.310, based on updated assumptions about growth and development in the Pier 70 Maritime District. These updated assumptions shall serve as the basis for appropriations pursuant to this Section B7.310 for the remainder of the term of the Pier 70 Plan.

(g) If the Board of Supervisors approves financing for Waterfront Improvements described in the Pier 70 Plan, then the City and County shall appropriate from discretionary

General Fund revenues to the harbor trust fund the amount necessary to pay debt service on indebtedness issued by the Port Commission to finance Waterfront Improvements pursuant to this Section B7.310 in an amount up to seventy-five percent (75%) of the Pier 70 Annual Payroll and Hotel Tax Increment for the first fiscal year in which the Port Commission is obligated to pay debt service on indebtedness that it has issued to fund Waterfront Improvements and for each subsequent fiscal year until the earlier of (i) the date the Controller certifies that the Port Commission has retired all indebtedness issued or undertaken to finance the Waterfront Improvements or (ii) twenty fiscal years commencing with the first fiscal year that the Port Commission is obligated to pay debt service. The City and County shall appropriate the funds to the harbor trust fund notwithstanding the actual amount of the annual increase in Payroll Taxes and Hotel Taxes during any fiscal year, without any adjustment based on the actual amounts of such taxes paid or accruing to the City and County. In no event may the amount appropriated to the harbor trust fund in the aggregate be greater than seventy-five percent (75%) of the amount of Pier 70 Annual Payroll and Hotel Tax Increment estimated by the Controller for a 20-year period pursuant to subsection (d). The Port may use the funds appropriated solely to finance the construction of Waterfront Improvements described in its Pier 70 Plan and any amendments to the plan by the Port Commission and the Board of Supervisors.

(h) The Board of Supervisors' approval of the Pier 70 Plan, with or without approval of the financing for Waterfront Improvements, shall constitute approval by the Board of Supervisors of a lease for a project developed under the Pier 70 Plan under Article IX, Section 9.118 of this Charter upon approval by the Port Commission if all of the following conditions are met:

1. The Controller, in consultation with the Department of Real Estate, finds the lease consistent with the Pier 70 Plan;

2. If applicable, the lease binds the parties to (A) obtain from the National Park Service and/or State Historic Preservation Office a finding of consistency of the project contemplated by the lease with Secretary of the Interior Standards for Historic Preservation, and

(B) obtain a permit from the Bay Conservation and Development Commission for the improvement and maintenance of the 100 foot shoreline band along Pier 70 in the premises of the lease;

3. If required, the State of California has approved the consistency of the Pier 70 Plan, or portions thereof, with the Burton Act trust and the public trust for navigation, commerce and fisheries; and

4. If required, any applicable environmental regulatory agency has approved a site remediation or site management plan, or the equivalent, for the relevant portion of Pier 70, where the Port or a former owner, occupant, or operator is the primarily responsible party.

SEC. B7.320. AGREEMENTS WITH OTHER CITY DEPARTMENTS.

(a) The Mayor may submit to the Board of Supervisors for approval a memorandum of understanding or other form of interagency agreement between the Port Commission and another department or departments of the City and County, approved by the Port Commission by resolution, that requires the department(s) to expend funds or to transfer funds to the Port Commission, or requires the Port Commission to transfer funds to the department(s).

(b) If the Board of Supervisors approves the interagency agreement by resolution, the City and County shall appropriate funds sufficient to fund the expenditure or transfer until such time as the agreement expires, or is terminated by the Port Commission and other departmental parties, subject to the approval of the Mayor and the Board of Supervisors by resolution.

(c) Any modification of the agreement affecting the amount to be expended or transferred shall be approved by the Mayor and the Board of Supervisors by resolution.

PORT OF SAN FRANCISCO

MEMORANDUM

May 19, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Ann Lazarus
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Authorizing Port Staff to Issue a Request for Proposals for a Concrete and/or Asphalt Batching Plant at Seawall Lot 352 with a Bulk Maritime Terminal at Pier 94

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution

Overview

On May 13, 2008, Port staff outlined policy options for competitive solicitation for one or two batching plants at Seawall Lot 352 (SWL 352) with a bulk maritime terminal component at Pier 94. The presentation described the success of the Piers 92-94 Maritime Terminal as a center for the import of sand and gravel and subsequent batching of these materials into concrete.

Port staff proposes a competitive solicitation with three leasing options for a five acre site at Seawall Lot 352 with non-exclusive access to Pier 94 (the "Site") as shown in Appendix A, as follows:

- Lease five acres to a private concrete batching operator for retail distribution, with a bulk maritime component at Pier 94;
- Lease five acres to a private concrete batching operator for retail distribution, with a bulk maritime component at Pier 94 and a companion long-term concrete supply contract for City and Port public works projects; and/or
- Lease up to five acres to a private asphalt batching operator for retail distribution, with a bulk maritime component at Pier 94 and a companion long-term asphalt supply contract for City and Port public works projects.

THIS PRINT COVERS CALENDAR ITEM NO. 8A

The Port Commission may, in its discretion, elect to pursue one or two of the three options described above (or none).

The Site

The Site (see Appendix A) is a maritime/industrial leasing opportunity consisting of:

- 204,688 square feet of land (Parcel A) within 1,200 feet of the waterside.
- 5,967 square feet of land (Parcel B) to accommodate a conveyor system to move aggregate materials from the Pier 94 berth to Parcel A.
- Non-exclusive use of a deep-water berth at Pier 94 for unloading of materials, with an opportunity for preferential berthing rights, subject to continued Port rights to berth in order to discharge dredge material to an adjacent parcel and servicing of other maritime tenants as needed.

Recommended Use

Port staff recommends limiting the proposed uses of the Site to concrete and/or asphalt batching, because it was previously leased for a batching operation; staff has received strong expressions of market interest in batching; the Port and its surrounding communities have enjoyed economic success with batching operations; and batching uses have been exhaustively analyzed pursuant to the California Environmental Quality Act.

Outreach

The Port's Southern Waterfront Advisory Committee is supportive of leasing this Site as either a concrete batching or an asphalt batching opportunity, the latter tied to closure of the City's Municipal Asphalt Plant at 1801 Jerrold Avenue.

Concrete Batching

Possible Public-Private Concrete Batching Partnership
The Port and the City could entertain various forms of public-private partnerships to supply some or all of the structural or non-structural concrete needed for City public works projects.

A public-private partnership for concrete supply could benefit the Port and the City by providing savings on concrete costs for major City construction or development projects, allowing the City to specify concrete formulations that benefit the environment (c.g., the use of flyash or slag in lieu of cement) and/or provide priority supply to City construction projects.

Port staff recommends that the Port Commission entertain bids for the development and operation of a concrete batching facility at SWL 352 regardless of whether bidders propose or are willing to contemplate a public-private partnership.

The Port Commission and the City could pursue a number of options with respect to concrete batching on Port property, including negotiating long-term supply contract(s) with an existing Port concrete batching tenant (such as Bode or Cemex) for structural and/or non-structural concrete.

Environmental Impacts of Concrete Production

The Port and the City are mindful of the impacts of quarry operations, shipping aggregates and cement production on the environment. Port staff recommends the use of environmental criteria, among other criteria to score concrete batching proposals, including recycling of sand, aggregate and concrete spoils, stormwater management, greenhouse gas production, and dust control and emissions reductions.

Asphalt Batching

Important Note: The City has operated its own asphalt plant ("Municipal Asphalt Plant") since 1909. City staff has contemplated the closure of this facility as one of several policy options, due to its age, current and projected levels of asphalt demand, the poor recycling capacity of the existing facility and its proximity to the Bayview residential community. **The policy decision to close the Municipal Asphalt Plant has not yet been made by Mayor Gavin Newsom and the Board of Supervisors. It is unlikely that the City would choose to enter into a lease for asphalt batching unless it decides to close the Municipal Asphalt Plant.**

Public-Private Asphalt Batching Partnership

As an accommodation to the City, Port staff proposes to include in a competitive solicitation for the Site an option to build and operate an asphalt plant at SWL 352. City staff envisions a public-private partnership for construction and operation of an asphalt batching operation. City staff recommend that decommissioning of the City's Municipal Asphalt Plant be included in a competitive solicitation as a bid alternate consisting of a lump payment by the City, mainly to foster reuse of working components of the Municipal Asphalt Plant (if feasible).

Environmental Impacts of Asphalt Production

The Port and the City are mindful of the impacts of quarry operations, shipping aggregates and asphalt production on the environment. Port staff recommends the use of environmental criteria, among other criteria to score concrete batching proposals, including recycling of sand, aggregate and Recycled Asphalt Product, stormwater management, greenhouse gas production, and dust control, odor control and emissions reductions.

Project Objectives

The proposed competitive solicitation would have the following objectives:

1. Secure an experienced concrete and/or asphalt batching facility operator;
2. Increase bulk cargo shipment;
3. Provide for physical upgrades to the Site;
4. Maximize Port revenue;
5. Provide for local discharge of materials to support construction projects in the city;
6. Provide a reliable, high quality and competitively priced, source of concrete or asphalt, utilizing best management practices to achieve state of the art environmental compliance or beyond;
7. Promote City and Port environmental policies;
8. Provide employment and contracting opportunities for residents and businesses;

9. Provide a project consistent the Waterfront Land Use Plan and the Southern Waterfront Beautification Policy;
10. Provide perimeter and related improvements to mitigate any impacts of the operation, if applicable;
11. [Asphalt Batching respondents] Provide for the possible decommissioning of the City's; and
12. Existing City-owned asphalt plant located at 1801 Jerrold Street.

Proposed Rent and Key Lease Terms

Subject to Port Commission authorization and upon successful completion of negotiations with the selected Respondent, the Port would enter into a lease for the Site. Appendix B contains Key Lease Terms that Port staff recommends for an RFP.

Advertising

Subject to Port Commission authorization, Port staff would advertise the RFP opportunity in newspapers used for this purpose by the Port's Real Estate Division, and via direct communication with the City's current list of concrete and asphalt companies.

Request for Proposals

Subject to approval by the Port Commission, Port staff would issue an RFP package consistent with standards and criteria established by the Port. The package would include an overview, a site map, a narrative description of the opportunities, Port project objectives, project approvals, lease parameters, selection process, selection criteria, and schedule and submittal requirements.

Advisory Panel

The submittals would be reviewed and evaluated by an advisory panel selected by Port staff consisting of up to five individuals with experience in real estate economics, public works construction, maritime terminal operations and environmental regulatory compliance ("Advisory Panel"), with the assistance from Port staff and/or independent consultants.

The Advisory Panel, Port staff, or their consultants would, at their discretion, contact references and industry sources, investigate previous projects and current commitments, interview some or all of the respondents and respondent teams, and/or take any other information into account in their evaluation of the responses. The Port would reserve the right to request clarification or additional information from individual respondents and to request that some or all respondents make presentations to Port staff, the Port Commission, community groups, or others. This due diligence – in addition to written materials provided by respondents in response to an RFP – would be taken into account during the Advisory Panel's deliberations.

Port Commission Determination

The Advisory Panel would make a recommendation to Port staff. Port staff would make a final recommendation to the Port Commission, which may differ from the recommendation made by the Advisory Panel. The Port Commission, in its sole discretion, would determine whether to authorize

exclusive negotiations and authorize Port staff to enter into an Exclusive Right to Negotiate Agreement with a selected respondent.

Selection Criteria

Port staff recommends that a successful respondent must have a minimum of ten years' experience operating a concrete and/or asphalt batching facility or comparable experience.

Port staff recommends that a respondent selected by the Port Commission have the demonstrated ability to deliver and operate a concrete and/or asphalt batching facility that meets the Port's Project Objectives. Proposals submitted to the Port would be analyzed to select the most qualified respondent. Selection criteria would include: the experience and reputation of the respondent, the quality of the lease concept, the financial viability of the proposal, the economic return to the Port and the respondent's demonstrated ability to finance, design and operate a construction materials recycling center at the proposed site. Port staff would then negotiate a lease with the selected respondent utilizing the Port's standard lease format. The earnest money deposits would be returned to the bidders not selected.

The Advisory Panel will use the following criteria in evaluating the responses to this Request for Proposals:

A. Quality of the development and operations concept, based on the specified use, type of materials to be handled, markets for products, volume and percentage of recycled content of resulting content, emissions profile of proposed plant(s), source and means of transportation of raw materials, and equipment and staffing. (10 points)

B. Financial capacity of the Respondent, based on ability to raise and commit funds for start up operations, the facility development and continuing operations and maintenance. (10 points)

C. Experience, organization and reputation of the Respondent's team, based on clear lines of authority and assignment of responsibilities, demonstrated responsiveness and decisiveness, and overall qualifications and availability of key individuals of the Respondent's team, economic success of similar ventures, relationships with contractors and operators, ability to implement development and operations of a concrete and/or asphalt batching facility quickly and effectively, and ability to work constructively with City and community representatives. (10 points)

D. The regulatory compliance record of the Respondent. (10 points)

E. The proposed layout and design of the concrete and/or asphalt batching facility, including materials handling equipment, throughput capacity, facility improvements, environmental mitigations and best management practices and compatibility with the Southern Waterfront area. (10 points)

F. The local economic benefits of the Respondent's proposal, including local job training and hiring plans, participation by Human Rights Commission-Certified Small and Local Economically Disadvantaged Business entities (e.g., ownership and/or partnership interests),

and subcontracting opportunities for Human Rights Commission-Certified Small and Local Economically Disadvantaged Business entities. (10 points)

G. Economic return to the Port, based on anticipated Wharfage and Dockage fees, Base Rent and Participation Rent. (20 points)

H. Financial viability of the proposal, based on adequacy of projected revenues to support the investment, reasonableness of the cash flow analysis, and proposed capital investment for improvements. (10 points)

I. Guarantees of supply to City public works projects, proposed pricing formulas (including proposed rate of return to the Operator), audit provisions (such as comparisons to published asphalt price indices) to ensure that City will not be disadvantaged by entering into a long-term contract for concrete or asphalt supply. (10 points)

Exclusive Negotiations

Upon Port Commission authorization of exclusive negotiations, the selected respondent's $25,000 earnest money deposit would be retained by Port for a four to six month period of exclusive negotiations. The Port and the selected respondent would enter into an Exclusive Right to Negotiate Agreement during the period of exclusive negotiations to complete Lease negotiations.

During the period of exclusive negotiations, the following events would occur:

- A Lease agreement and related documents for the lease and development of the Site in a final form approved by the City Attorney's Office would be negotiated;

- The selected respondent would complete its due diligence review of the Site, finalize financial projections, and complete preliminary Site plans; and

- The selected respondent, with the Port's cooperation, would complete the project approval processes, any required supplemental environmental review pursuant to the California Environmental Quality Act and obtain necessary permission from the Bay Conservation and Development Commission.

Approval of Transaction

Upon completion of any required environmental review, including compliance with the California Environmental Quality Act, and negotiations by Port staff, the Port Commission can, but is not required to, approve the Lease and any related documents.

Board of Supervisors

Maritime leases such as that proposed for the Site are not subject to approval by the City and County of San Francisco's Board of Supervisors ("Board of Supervisors") pursuant to San Francisco Charter Section 9.118. Companion agreements, such as long-term purchase contracts for concrete

or asphalt are subject to joint negotiation with the Port and the City Purchaser and would likely be subject to Board of Supervisors approval.

Diversity Program

The Port Commission is interested in encouraging the participation of Human Rights Commission-Certified Small and Local Economically Disadvantaged Business entities in this RFP opportunity. The selected Respondent will be encouraged to consult with the Human Rights Commission Contract Compliance Officer for the Port, Selormey Dzikunu by calling (415) 274-0511 or e-mailing Selormey.Dzikunu@sfport.com to determine appropriate methods for promoting participation by disadvantaged business entities in the operation of the project. For more information concerning HRC-Certified Firms, all Respondents will be encouraged to refer to the San Francisco City and County Human Rights Commission website.

RFP Schedule

Port staff recommends a competitive solicitation schedule as follows:

Issue RFP	June, 2008
Pre-submittal conference and site tour for prospective bidders	August, 2008
Submittal deadline	October, 2008
Selection of bidder(s) for additional review	October, 2008
Presentation(s) by selected bidder(s)	November, 2008
Port Commission approval of selected bidder	December, 2008
Execution of ERN and lease negotiations	January, 2008
Port Commission approval of lease (est.)	Dependant on required regulatory approvals

Recommendation

Port staff recommends that the Port Commission approve the attached resolution authorizing the issuance of a Request for Proposals for a Concrete and/or Asphalt Batching Opportunity on Seawall Lot 352 with non-exclusive access to Pier 94.

Prepared by:

Mark Lozovoy
Assistant Deputy Director, Real Estate

Brad Benson
Special Projects Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-35

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, The Port owns approximately 210,688 square feet at Seawall Lot 352 and approximately 5,967 square feet leading to Pier 94, (the "Site"); and

WHEREAS, The immediate leasing opportunity for the Site with the most significant potential to generate revenue is a leasing opportunity for a concrete and/or asphalt batching plant; and

WHEREAS, A maritime/industrial leasing opportunity affords the opportunity to develop and operate a concrete and/or asphalt batching plant which would include the waterbourne import of bulk construction materials which would be used for the production of concrete and/or asphalt; and

WHEREAS, Port staff has received numerous expressions of interest from experienced operators for a longer term concrete and/or asphalt batching plant leasing opportunity with a bulk cargo marine terminal component at Pier 94; and

WHEREAS, Port staff anticipates strong demand for a maritime/industrial leasing opportunity for a concrete and/or asphalt batching plant; and

WHEREAS, City policy encourages competitive bidding for leasing opportunities unless impractical or infeasible; and

WHEREAS, the Port Commission wishes to proceed with a lease of the Site for these purposes; and

WHEREAS, Port and City staff have discussed the prospect of utilizing the proposed competitive solicitation for a concrete and/or asphalt batching opportunity as a means of gauging market interest in a companion long-term supply contract for concrete or asphalt for City public works projects; and

WHEREAS, any such long-term supply contract for concrete or asphalt would require the approval of the City Purchaser, in consultation with the Director of Public Works; and

WHEREAS, Port and City staff have discussed the prospect of utilizing the proposed competitive solicitation as a means of gauging market interest in the

decommissioning of the City's Municipal Asphalt Plant if Mayor Gavin Newsom and the Board of Supervisors decide to close that facility; and

WHEREAS, the decommissioning of the City's Municipal Asphalt Plant would require a contract with the Department of Public Works; therefore, be it

RESOLVED, that the Port Commission authorizes staff to offer the opportunity for the lease and operation of a concrete and/or asphalt batching plant at the Site through a request for proposals and qualifications (RFP) process consistent with industry standards with the terms set forth in the staff report for this Item 8A; and be it further

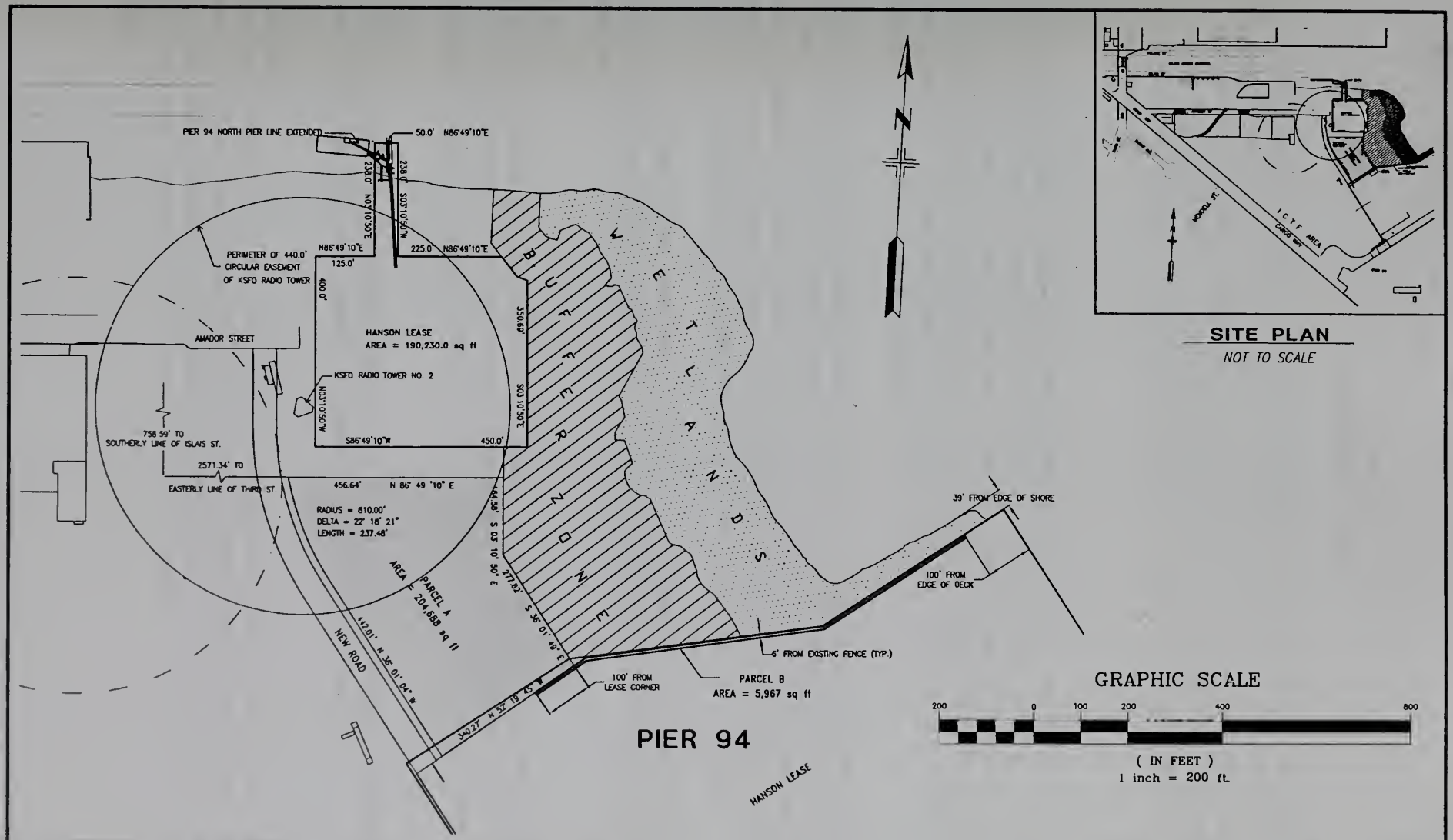
RESOLVED, that the Port Commission authorizes Port staff to coordinate the issuance of an RFP with the City Purchaser and Director of Public Works as necessary to achieve the purposes described in the staff report for this Item 8A.

I hereby certify that the Port Commission at its meeting of May 27, 2008 adopted the foregoing Resolution.

_____

Secretary

APPENDIX A



SITE PLAN

NOT TO SCALE

GRAPHIC SCALE

200 0 100 200 400 800

(IN FEET)

1 inch = 200 ft.

INITIALS: PORT_____ TENANT_____

APPROVED BY
SAN FRANCISCO PORT COMMISSION
DATE _____

CHIEF HARBOR ENGINEER

SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

SEAWALL LOT 352
SITE PLAN

IN CHARGE:		CHECKED BY:	---
DRAWN BY:	AMN	DATE:	22 JAN 03
DATA FILE:	---	SCALE:	AS SHOWN
DRAWING NO.	SWL352PAC_CEM.dwg	SHEET NO.	1 OF 1 SHEETS

Appendix B
Key Lease Terms

If the Port Commission authorizes issuance of a competitive solicitation for concrete or asphalt batching operations at SWL 352, Port staff recommends that respondents be required to indicate acceptance of the following Key Lease Terms, and to make a lease proposal that is consistent with these Key Lease Terms. Actual terms of the Lease are negotiated with a prospective operator ("Operator") by Port staff and are subject to final approval by the San Francisco Port Commission.

Use

Proposals must include a full description of proposed uses, such as: detailed description of facility use, anticipated commodities to be handled including whether for import or export, means of transport to or from the facility, discharge or loading methods at the facility, handling, value-added processes, storage requirements, loading for delivery at the terminal, anticipated throughput volumes, and anticipated hours of operation. The Port seeks an Operator who will maximize the use of Port maritime berth and rail facilities.

After selection and prior to lease execution, the Operator must submit an Operations Plan, subject to Port approval, including a detailed description of its maritime cargo handling activities and equipment, materials acceptance and segregation protocols, air quality and dust control measures, water quality and storm water pollution prevention measures, noise control measures, hazardous materials and waste management, and other best management practices.

The Port may impose Best Management Practices for load checking, dust control, storage of material and stormwater management from sources published by the State of California or its agencies.

Premises

The Site consists of approximately 204,688 square feet of land (Parcel A) located at Seawall Lot 352 and approximately 5,967 square feet of land (Parcel B) located at Pier 94 in the Southern Waterfront. The site was previously planned to be used as a concrete batching plant.

Term

The Port staff will target an initial lease term of 10 years, but may consider a longer term if capital improvements to the property warrant a longer amortization period.

Base Rent

Proposals should include an expected duration for permitting and construction activities, a portion of which time may be subject to construction period rent ("Construction Period Rent"). Typically, the Port charges a construction period rent equal to 33% of its published parameter rent. The Port Commission will consider its 2008-09 minimum monthly rate schedule in June 2008.

Proposals should include a proposal for a minimum base monthly rental rate per square foot with annual increases governing the period of batching operations after the batch plant is constructed ("Operation Period Rent"). Respondents may augment their proposed Operation Period Rent proposal with a participation rent proposal (typically expressed as a percentage of gross receipts). The Operator will also be subject to Port wharfage and dockage fees set by the Port of San Francisco Tariff #4 and its future updates and revisions.

After selecting a respondent for exclusive negotiations, the Port envisions negotiating an Operation Period Rent based on comparable rents and/or a rate of return to the Port based on underlying land value. Due to the longer term contemplated by this leasing opportunity, the Port will require periodic resets to market rent based on a ground lease rate of return, market rent comparables, or both. These market resets typically occur every five years.

Wharfage

The Operator will also be subject to Port wharfage and dockage fees set by the Port of San Francisco Tariff #4 and its future updates and revisions.

Maritime Commitment

The respondents will acknowledge that Pier 94 (Seawall Lot 352) is a Port maritime facility and is designed to accommodate the shipment from and receiving of cargo by or from water-borne vessels including without limitation cargo ships, barges and other cargo vessels. Adjunct to its function as a cargo terminal, the Premises is designed to be used for the sourcing of cargo, loading and unloading and storage of bulk cargo pending delivery to their inland point of destination.

It is the intention of Port that dry bulk cargo materials will be shipped to the Premises into Port facilities by bulk carriers, barges or other cargo vessels calling at those facilities and thereby provide Port with additional revenues from the dockage fees, wharfage fees, and railroad switchage fees attributable to the cargo generated by the operation.

Accordingly, as material consideration for Port's agreement to accept as rent the Base Rent amount set forth in the lease, the respondent shall agree to ship to Port facilities minimum quantities of dry bulk cargo materials during the term of the lease.

Southern Waterfront Beautification Policy

The Port Commission has approved a "Policy for Southern Waterfront Community Benefits and Beautification" which identifies beautification and related projects in the Southern Waterfront that require funding. This policy requires the Port to set aside a portion of the monthly rents collected from Leases issued on or after the effective date on November 15, 2007 for the lease or use of Port property in the Southern Waterfront. The policy also holds the Operator to minimum standards for peaceful integration into the Southern Waterfront community.

Sale/Transfer/Refinancing

The Port expects to participate in the proceeds that the Operator receives from the sale, transfer or refinancing of the leasehold.

Maintenance/Repairs
During the term of the lease, the Operator shall be responsible for all improvements, maintenance, repairs and operating expenses associated with the Site, including any non-exclusive areas such as access roads, utilities, and general buffer areas.

Possessory Interest and Other Taxes
The Operator will be required to pay possessory interest taxes on the assessed value of the leasehold interest. The Operator also will be required to pay other applicable city taxes, including sales and payroll taxes.

Security Deposit
A security deposit will be required in an amount equal to no less than two month's Base Rent in the form of cash.

Insurance and Bond Requirements
Throughout the term of the Lease, the Operator will be required to maintain insurance typical for the approved project in amounts and with limits determined appropriate by the Port, the City's Risk Manager, and with carriers acceptable to the Port. Insurance will include, but is not limited to: comprehensive general liability; workers' compensation; property insurance on the Premises; automobile liability; watercraft liability; personal property; business interruption; builder's risk; pollution legal liability; a policy endorsement in a form acceptable to Port; and any other insurance required by law. The Port and City must be named as additional insureds.

Depending on the financial capacity of the entity entering into the Lease with the Port, the Port may also require a guaranty from the Operator's parent company or other security guaranteeing the successful completion of the concrete and/or asphalt batching plant project.

Environmental Deposits
The lease will require two forms of environmental financial assurance designed to protect the Port and the community from liability arising out of the operation of a concrete and/or asphalt batching plant:

1. A Letter of Credit (Environmental Performance Deposit) in a form determined by the Port and in an amount sufficient to compensate the Port for any damage it might incur as a result of the tenant's failure to perform its environmental obligations.

2. A $10,000 Environmental Oversight Deposit which may be used by the Port if the Operator receives a Notice of Violation or regulatory order and such notice of violation cannot be cured or Operator cannot comply with such regulatory order within 14 calendar days after delivery of such notice, and the Operator is not actively working to cure such notice of violation or comply with such regulatory order.

Hazardous Materials
During the "due diligence" period, the respondents may conduct environmental site assessments of the Site. The Port will make existing information about physical and environmental conditions available to respondents.

Assignment/Sublease
The Port will have the right to approve any assignment, sublease or transfer of the Lease, subject to any participation provisions, as described above under the heading "Sale/Transfer/Refinancing".

Form of Lease
The successful respondent will be required to enter into a lease to be negotiated by the Port and respondent during the period of exclusive negotiations. The lease will be consistent with the Port's standard leasing provisions of comparable projects.

City Requirements
The Lease will require the Operator to comply with all City requirements in effect.

The Port Commission is interested in encouraging the participation of disadvantaged business entities in this RFP opportunity. The Operator will be encouraged to consult with the Human Rights Commission to determine appropriate methods for promoting participation by disadvantaged business such as Laboratory Services (Materials Testing), Trucking and Hauling, and Security Guard Services businesses.

The Port will also require the Operator to pay prevailing wages in the construction of the project in accordance with prevailing wage and labor standards adopted by the San Francisco Board of Supervisors pursuant to SF Admin. Code Section 6.37.

Diesel Fuel Measures
The Operator will use good faith efforts to use low-emission diesel fuel or alternative low-emission fuels for all petroleum hydrocarbon-powered equipment used on the Premises, and to explore emerging new technologies for reducing diesel particulate matter. Port staff is investigating lease-based requirements for using alternative fuels and particulate traps; the inclusion of such requirements is a policy matter for the Port Commission.

Local Truckers
As a material consideration for Port's agreement to enter into this Lease, Operator agrees that, for all trucking opportunities associated with Operator's operations, including, without limitation, hauling of materials on and off the Site, Operator will make good faith efforts to first use local truckers.

Performance Benchmarks
All documents governing the approval and development of the Site will contain time and performance benchmarks, including provisions for payment of liquidated damages, with termination for non-performance.

PORT OF SAN FRANCISCO

MEMORANDUM

May 22, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong Vice President
Hon. Ann Lazarus
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

FROM: Monique A. Moyer
Executive Director

SUBJECT: Informational Presentation on Development Criteria for SWL 351 (The Embarcadero at Washington Street)

DIRECTOR'S RECOMMENDATION: Discussion Item, No Action Requested

EXECUTIVE SUMMARY

Seawall Lot 351 ("SWL 351") is one of the development opportunities in San Francisco created by removal of the Embarcadero Freeway after the 1989 earthquake. The parcel is a nearly triangular site with a 358-foot frontage along The Embarcadero Roadway with a mere 26-foot frontage on Washington Street. (See Exhibit A, Site Map.) In the context of San Francisco, this 27,937 square foot lot has potential for effective development.

At its December 11, 2007 meeting, the Port Commission received an informational presentation by San Francisco Waterfront Partners II, LLC ("SFWP") of its proposed 8 Washington project, a mixed-use condominium development.[1] The proposed project site, as currently conceived, includes a privately owned 2.5 acre property within the Golden Gateway area and the adjacent Port-owned SWL 351 located at Washington Street and The Embarcadero.

This unsolicited development proposal has raised questions about the Port's long-term land use and development plans for SWL 351. The Port's Waterfront Land Use Plan ("Waterfront Plan") identifies development parameters and acceptable land uses for SWL 351 and also notes the

[1] The Port has not responded to SFWP's proposal; rather the Port is engaging in a public process before considering any land transaction involving SWL 351. The Port has given permission to SFWP to initiate review of the project under the California Environmental Quality Act (CEQA) conditioned on the CEQA analyses considering alternatives where SWL 351 is not included in the project.

This Item Covers Calendar Item No. 9A

potential for it to be combined with the Golden Gateway site as part of a larger development project.

At the February 12, 2008 Port Commission meeting, Port staff provided an informational presentation of the Port's options for SWL 351 which included (1) offering SWL 351 for development by competitive bid, (2) responding to SFWP's proposal by initiating a sole source negotiation, or (3) taking no action at this time. Staff concluded that the Port should take the opportunity to review and define its development options for SWL 351 now, before any City approvals for long-term development on the adjacent property occurs. Otherwise, the Port's future development options for SWL 351 could be severely constrained.

On February 12, 2008, Staff recommended offering SWL 351 for development by competitive bid after undertaking a community outreach process to determine development criteria for the site. The Port Commission encouraged Staff to undertake that outreach and return to the Port Commission to discuss draft criteria that could form the basis of a Request for Proposals (RFP) for development of SWL 351. Staff's proposed criteria for SWL 351 development is contained in Exhibit B hereto.

The Waterfront Land Use Plan identified SWL 351 as a mixed-use opportunity site and provided guidance to the development criteria. Additionally, the Port held a community meeting on April 14, 2008 to receive community input, has held discussions with other Ferry Building area stakeholders regarding the site, and has researched market trends. It is worth noting that public perception confuses consideration of options for change on this site – the current parking lot – with the proposal to change the adjacent privately owned site occupied by a private members-only tennis and swim club.

At this time, Staff are proposing development criteria for SWL 351 for discussion by the Port Commission and asking for direction on next steps for this site. This staff report and the technical exhibits provided are intended to provide the context for considering this site which includes understanding the adjacent land uses and Waterfront Plan direction, explaining the proposed development criteria, summarizing community input received and offering policy options for next steps. This is an informational item for discussion, public input, and to receive Port Commission direction on next steps. No action is requested at this time.

NEIGHBORING LAND USE CONTEXT

Ferry Building Area Context

The Ferry Building area is a center of transit, maritime activity, a recreation destination, a world class retail and dining destination, home of the Center for Urban Education about Sustainable Agriculture (CUESA) Farmer's Market, and one of the most sought after office space locations in San Francisco. Surveys of San Francisco hotel guests consistently include the Ferry Building in the top five attractions visited in San Francisco. Understanding this context is important to evaluating the SWL 351 opportunity.

The Ferry Building and Ferry terminal are the centerpieces of this subarea of the waterfront. Today, ferries serve Larkspur, Sausalito, Vallejo, and Alameda with plans for a continuing network of improvements and expansion. It is estimated that 11,000 ferry riders use the area

daily. AMTRAK also operates out of the Agriculture Building with 20 buses daily connecting to trains in Emeryville. The area is adjacent to the Embarcadero BART/MUNI station and is served by the F line of historic street cars and numerous bus lines; providing phenomenal transit access and access to a significant shopper base.

Hornblower Cruises operates out of Pier 3 with dining and excursion cruises on the Bay and events on the San Francisco Belle. Annually, over 80,000 people come to Pier 3 to enjoy the waterfront. Pier 1½ provides docks for water taxi services, recreational boating and fishing, and transportation support structures. Additionally, Piers 7 and 14 provide public access to the water to stroll, sight see, and fish. Linking the area together is the Embarcadero Promenade, which has become a spectacular location for strolling, biking, and enjoying the waterfront. Substantial numbers of visitors enjoy the area daily and in greater numbers during special events.

The Ferry Building includes approximately 65,000 square feet of retail/restaurant uses. The Ferry Building Marketplace, organized along the central nave, provides a distinctive space for the greater Bay Area's specialty food purveyors. The exterior and main public hall have been restored to their original grandeur for use by ferry passengers and the public at large. The Marketplace includes the Slanted Door, Taylor's Refresher, Market Bar, and smaller cafés; these restaurants joined Sinbad's, the former Gabbiano's site, the Rincon Park restaurants, and the restaurants along Steuart Street and The Embarcadero. Piers 1½, 3, and 5 will provide an additional 17,000 square feet of cafés and restaurants (including outdoor seating). The Ferry Building management estimates that Monday through Friday, 10–15,000 patrons a day visit the Ferry Building. On Saturdays, 15-25,000 shoppers frequent the Marketplace and Farmer's Market.

The Ferry Plaza Farmers Market is a California certified farmers market operated by the Center for Urban Education about Sustainable Agriculture (CUESA). The market is open two days a week—Tuesdays and Saturdays. The large Saturday market is held both in front of the Ferry Building along the Embarcadero and on the rear plaza overlooking the Bay. On Tuesday, the market spills out of the arcades onto the Embarcadero sidewalk. The markets offer produce and flowers from small regional farmers and ranchers, many of whom are certified organic. A wealth of other products are offered including regional artisan specialties such as breads, cheeses and jams.

Finally, the Ferry Building area includes over 400,000 square feet of office space. The Ferry Building itself has 175,000 square feet of second and third floor office space. Pier 1, completed in 2001, includes 150,000 square feet of office. Piers 1½, 3, and 5 contain 60,000 square feet of office space. The Agriculture Building has about 24,000 square feet of small offices with about 20 tenants. It can be estimated that 1,600 people work in the Ferry Building area offices daily, with more working in area retail and restaurants.

Open Space

In addition to the Port's open space amenities (Harry Bridges Plaza, Ferry Plaza, Piers 7 and 14, the Embarcadero Promenade, and the PortWalk public access extending from the Ferry Building to Pier 7), there are a number of additional parks in the area as shown in Exhibit C. Sydney G. Walton Square, open to the public, is a private two-acre park at ground level and is maintained by the Golden Gateway Center. Maritime Plaza, a two-acre plaza surrounding the One Maritime

Plaza building, was dedicated for public use in 1968. The Justin Herman Plaza is an eight-acre public park along the Embarcadero located at the foot of Market Street from the Muni turnaround to Washington Street. It contains a broad brick-paved plaza, landscaping with trees and grassy areas and a pool with a large fountain.

Sue Bierman Park is under the jurisdiction of the Recreation and Park Department (Assessor's Blocks 202 and 203). The eastern block (202) includes lawns, walkways, a space frame structure, and trees along the perimeter. The western block (203) contains a pump station and maintenance yard, under the jurisdiction of the San Francisco Public Utilities Commission, and is densely planted with trees and includes a lawn area, seating, and walkways. The walkways provide access to a pedestrian bridge crossing Davis Street to the Maritime Plaza open space.

The City's Recreation and Park Department has an acquisition policy to prioritize new park acquisitions in underserved areas. With the wealth of existing open space in the area, this site is not in a high need area. Exhibit D shows the maps created by the Recreation and Park Department documenting high need areas for parks utilizing 2000 census data.

Golden Gateway Redevelopment Area

To the west of the Ferry Building are the Embarcadero Center, Maritime Plaza, and the Golden Gateway mixed use project. These are part of the nearly fully expired Golden Gateway Redevelopment Area roughly bounded by Embarcadero, Market, Drumm, Sacramento, Battery and Broadway streets. This redevelopment area, created in 1959, was the former location of San Francisco's dilapidated, congested marketplace for wholesale produce. With the assistance of the Redevelopment Agency, most of the produce firms were re-established in a then-modern produce terminal built near Islais Creek. The redevelopment project included funding of the Embarcadero BART station and is seen as an exemplary mixed-use development project and an early example of creating downtown residences. Exhibit E shows the neighboring area and indicates building heights for context.

Embarcadero Center

The Embarcadero Center is a six-block complex with five office buildings, an interconnected gallery of shops and restaurants, two hotels, and 2,000 spaces of below-ground parking. It was completed in 1981. The office buildings (One through Four Embarcadero Center and Embarcadero West) are 30 stories to 45 stories tall and contain approximately 4 million square feet of office and retail space. The retail uses occupy approximately 270,000 square feet on the first three levels of the office buildings. Interconnecting bridges and walkways enable the shopper to tour the entire 8.5-acre development without ever encountering vehicular traffic. The hotels, Le Meridien (360 rooms) at the western end of the complex and the Hyatt Regency (840 rooms) at the eastern end, are 25 stories and 20 stories tall, respectively.

Maritime Plaza

Built in 1967, One Maritime Plaza (formerly known as the Alcoa Building) is about one block southwest of SWL 351, within the block bounded by Washington, Clay, Battery, and Davis streets. The 25-story office building is built over a 1,325-car, three-story public garage. San

Francisco Municipal Transportation Authority manages this as the Golden Gateway Garage[2]. The project includes approximately 534,000 square feet of office space.

Golden Gateway Apartments

Golden Gateway Apartments includes four residential towers (the 22-story, 400-unit Richard Henry Dana building; the 25-story, 178-unit Buckelew building; the 25-story, 178-unit Macondray building; and the 22-story, 440-unit William Heath Davis building) and 58 townhouses within the area bounded by Drumm, Washington, Battery, and Jackson Streets. The residential units are constructed over two, two-story garage blocks (containing 927 parking spaces total) which are strictly for the residents. The ground-floor commercial space (53,000 square feet) includes a supermarket, cafes, and small retail uses.

All of these are rental apartments, completed in 1965 and 1967. Although this project was built before redevelopment or local laws required below market rate units, it is subject to rent control. A portion of the apartments at the Golden Gateway Apartments are rented on a short-term basis as furnished corporate apartments.

Golden Gateway Commons

Construction of the Golden Gateway Commons started in 1978 and was completed in 1985. It is a mixed use development consisting of three, two-story, block-square, base structures with offices and stores surrounding off-street parking. The 155 units of housing are two- and three-story condominiums constructed on the base structure with ample private landscaped plazas. The Commons contain over 237,900 square feet of commercial area and garage space for 550 cars. One garage, 750 Front, with 180 spaces, is available for public parking and can accommodate 300 cars with valet use.

Golden Gateway Swim and Tennis Club

Immediately adjacent to SWL 351 is the Golden Gateway Swim and Tennis Club (the "Club"). It was built in 1969 at the same time as the Golden Gateway Apartments. The Club includes the following facilities:

- Nine lighted outdoor tennis courts (eight doubles courts and one singles court). Spectator seats are provided for some of the courts.
- Two outdoor heated swimming pools (25-yard lap pool and 19-yard recreational pool).
- An approximately 7,355 sq. ft. fitness center across Drumm Street in the ground floor of the Golden Gateway Apartments.
- An outdoor basketball court.
- Three buildings (a 400-gross-square-foot (gsf), one-story tennis shack; a 1,900-gsf, one-story building with storage lockers, showers, restrooms, and dressing rooms; and a two story 2,400 gsf clubhouse and pro shop).
- A 17-space private parking lot

The Club is owned by Oakhill Investments, which also owns the Golden Gateway Apartments. Western Athletic Clubs operates the Club on a month-to-month agreement with Oakhill

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[2] The Port has recently discussed with this garage operator allowing weekend visitors to the Ferry Building to park until 10:00 pm for $3 per day.

Investments. The Club serves both as a commercial business and an amenity to apartment residents, but membership is a separate charge not included in apartment rent. It has been reported that about 30 percent of the Club members are residents of the adjacent residential projects.[3]

The athletic club is a privately operated facility that is open to dues-paying members. The club currently has about 1,665 memberships (about 2,260 individuals). Of these, about 678 are tennis memberships and about 987 are swim memberships. The initiation fee to join ranges from $195 to $700 by type of membership and monthly fees range from $90 to $270 per month. Tennis memberships and family memberships are more expensive. Residents of the Golden Gateway Apartments receive discounted fees: initiation fees for residents range from $140 to $300 and monthly fees from $88 to $188.

It is important to understand that the Club is not a non-profit member-controlled facility such as the Dolphin or South End Rowing Clubs.[4] Nor is it a member-controlled private club where members buy in to join and pay ongoing fees. The Club members are customers of a private business and the membership contract allows the Club to terminate membership at any time for any reason.

WATERFRONT PLAN

In 1997, the Port Commission adopted its Waterfront Land Use Plan (as further amended in 2000), following a comprehensive public planning process. The Waterfront Plan sets forth policies to guide the Port's long-term efforts to balance and implement its maritime, public access and open space, land use development, urban design, historic preservation and economic objectives for the 7-½ mile waterfront under its jurisdiction.

Seawall Lot 351 is located within The Ferry Building Waterfront, one of five waterfront subareas designated in the Waterfront Plan. In addition to the Ferry Building, this subarea includes the historic bulkheads, pier sheds, and Agriculture Building along The Embarcadero between Broadway and Folsom Streets. It is the historic and civic heart of San Francisco's port, at the foot of Market Street, and a major focus of the Port's goal of reconnecting the City with its waterfront.

The Waterfront Plan vision for the Ferry Building Waterfront Subarea identifies the following fundamental objectives for the area:

- Preserve and restore historic structures on the Ferry Building Waterfront, both to recall the area's historic use and to accommodate new uses.
- Provide maritime facilities for ferry and excursion boats, recreational boats, historic ships, and ceremonial berthing.
- Provide a mix of uses that emphasizes the civic importance of the area, generates waterfront activity and serves San Franciscans and visitors alike.

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[3] Nan McGuire, Club member, in public comment to the Port Commission on April 11, 2006. Confirmed by Western Athletic Clubs on May 20, 2008.

[4] Non-profits who built their facilities on city land, must have fees approved by the Recreation and Park Commission, provide day access to the public, have requirements to operate in nondiscriminatory manner, and pay 10% of their gross revenue as rent to the City.

- Extend the PortWalk through the area, providing more convenient, direct and aesthetically pleasing public access connections to open space areas and the Bay.
- Restore the Ferry Building Waterfront as a major transit center by improving transit access and transfers among water and land transportation modes.
- Provide efficiently planned parking and loading facilities to serve new activities in the area.
- Physically and visually integrate the Ferry Building and environs with their spectacular City and Bay settings.
- Pursue a mix of public and private resources to achieve an appropriate quality and mix of uses.

The Port and City have made substantial progress in achieving the Waterfront Plan vision for the Ferry Building Waterfront Subarea: the demolition of the Embarcadero Freeway and implementation of the Embarcadero Promenade/transportation system; the historic rehabilitation of the Ferry Building, Pier 1, and Piers 1½, 3 and 5; Rincon Park with the Epic and Waterbar restaurants, the Downtown Ferry Terminal expansion, the Harry Bridges Plaza; and the PortWalk public opens spaces. SWL 351 is one of the few remaining development sites for the area. Exhibit F summarizes the accomplishments to date in the Ferry Building Subarea.

SWL 351 can become an outstanding destination on the waterfront and is designated in the Waterfront Plan as part of the Ferry Building Mixed-Use Opportunity Area, with the following Development Standards:

- The design of new development should respect the character of the Ferry Building, the mid-Embarcadero open space improvements, and the Golden Gateway project.
- The design of new development should minimize the perceived barrier of The Embarcadero and encourage a pleasant pedestrian connection between the City and the waterfront.
- Explore the possibility of obtaining economic value from Seawall Lot 351 by combining it with the adjacent Golden Gateway residential site to provide expanded opportunities for mixed residential and commercial development.
- Maximize efficient use of new and existing parking to serve existing business, further promote public use of the Ferry and Agriculture Buildings, and stimulate reuse of Piers 1, 1½, 3 and 5.

SWL 351

The site is currently zoned for public uses only (P) with a height limit of 84 feet (84-E Height and Bulk District). A building height of up to 84 feet with maximum building bulk dimensions of 110 feet in width, and 140 feet in diagonal dimension is legally allowed. However, development of SWL 351 will likely require a rezoning. Given the neighborhood, waterfront, and citywide context, a range of land uses are appropriate on the site, likely as a mixed-use development with parking similar to neighboring buildings. Exhibit G summarizes the constraints imposed by the various land use controls on the site and market and financial parameters.

Public Trust

SWL 351 is subject to the public trust. In California, the public trust doctrine generally limits uses of trust lands to those that are water-dependent or water-related, including commerce, fisheries, navigation, environmental preservation and recreation. Uses that enable public enjoyment of the Bay, including public parks and open space, hotels, restaurants, shops and supporting parking areas are also promoted under the public trust. Ancillary or incidental uses that directly promote trust uses, are directly supportive and necessary for trust uses, or that accommodate the public's enjoyment of trust lands are also permitted. Non-water oriented private uses such as general office, private recreation facilities, and residential uses are not considered public trust uses but, under certain circumstances, could be allowed as ancillary or incidental uses within an overall trust-consistent development program.

Development of SWL 351 with non-trust uses in whole or on a substantial portion of the site would require an exchange of property of equivalent or greater value into the public trust, approved by the California State Lands Commission and/or by state legislative action. Given that a number of the uses identified in the Waterfront Plan (residential and general office) or desired by the community (local serving recreation and private clubs) would not be public trust uses, any proposal for a major amount of non-trust use(s) would also have to include a strategy for modifying the Public Trust restrictions.

Market Support

Port Staff's assessment of the market for the site suggests that the following uses have potential for development on SWL 351:

- A hotel of about 200 rooms (requires a modification to the WLUP)
- A retail/restaurant development in a one or two story building.
- Structured parking with ground floor retail/restaurant
- General Purpose Office (non-Trust use)
- Apartments (non-Trust use)
- Condominiums (non-Trust use)

Any development on this site would meet or exceed planning code requirements for publicly accessible open space included in the development program.

Parking Commitments

Currently, SWL 351 and Pier ½ are used as a surface parking lots under a Parking Agreement between the Port and Ferry Building Investors, LLC as part of the $100 million historic rehabilitation of the Ferry Building. Under that agreement, which terminates in 2067, the Port must make available 150 parking spaces for short term visitors to the Ferry Building. Currently, SWL 351 provides 90 of the required 150 parking spaces. It is the Port's intent that any mixed use development on SWL 351 would need to maintain at least 90 parking spaces available for short term visitors to the Ferry Building. Exhibit H summarizes the Port's parking agreements in the area.

Understanding the Port's contractual commitment to the Ferry Building Investors requires review of the history of the Ferry Building project. The Board of Supervisors in 1996 (Resolution No. 828-96) gave preliminary endorsement to a two-level underground garage under Blocks 202 and 203 (now Sue Bierman Park) for up to 350 parking spaces, provided that construction not begin until the Port had entered into a contract to rehabilitate the Ferry Building. Following that endorsement, the Port proceeded to offer the Ferry Building as a development opportunity, secure a developer, and negotiate a complex transaction for rehabilitation of that landmark structure. Just as the Port was completing the Ferry Building transaction, the Board of Supervisors rejected the concept of creating an underground parking facility. Consequently, prior to entering into a 66 year ground lease, the Ferry Building Investors sought the assurances provided in the Parking Agreement that no fewer than 150 parking spaces would be made available to visitors to the Ferry Building at a number of locations including Pier ½, SWL 351, and the Golden Gateway Garage. At a minimum, development of SWL 351 needs to accommodate 90 parking spaces to serve visitors to the Ferry Building. More spaces may be needed at SWL 351 when Pier ½ is closed and/or removed.

The loss of Pier ½ will have a significant impact on Ferry Building parking. Pier ½ is in need of structural repair and is schedule to be closed on September 15, 2008. Pier ½ is striped for 48 parking spaces but frequently holds 75 or more cars with valet operations. SWL 351, likely with more intense use than the present, and the white zones in front of the Ferry Building will continue to be operated by Ferry Building Investors after the closure of Pier ½.

PROPOSED DEVELOPMENT CRITERIA

Exhibit B presents the Staff's proposed development criteria for SWL 351, if the Port Commission chooses to move forward with an RFP for SWL 351. These criteria draw from the Waterfront Plan, the Design and Access Element, market and land use context, and community outreach undertaken. They also reflect the Port's Parking Agreement with the Ferry Building Investors. Rather than the Port determining the specific use program prior to issuing an RFP, these criteria anticipate the Port would entertain proposals for a variety of uses that meet the Port's objectives for the site.

The Waterfront Plan identifies the following acceptable uses for SWL 351: residential, assembly and entertainment, general office, parking, retail (including restaurants), recreational enterprises, visitor services, community facilities, and open space. Although Open Space is one of the allowed uses in the Waterfront Plan, SWL 351 was not identified as part of the Waterfront Open Space network. Rather, SWL 351 is called out as a development opportunity site – open space could be one aspect of the project. The Port would expect the project to meet or exceed planning code requirements for publicly accessible open space. In addition to uses called for in the Waterfront Plan, Staff recommends that hotel use and private recreation use be considered by responding developers.

Key points of the Development Criteria include:

- Land use – Uses required include restaurant/retail and parking to meet the Port's contractual obligations. Encouraged uses are hotel, office, residential, and recreation.
- Public Trust Consistency – Office, residential and private recreation uses are encouraged as land uses, with the recognition that a developer proposing either would need to propose a means to lift the Public Trust from the site.

- Height – The development criteria are intended to express the community's strong concerns about view corridors without requiring a specific height to avoid overly constraining proposals. The draft criteria call for a building on the site to fit within the neighborhood context.

The expected economic return from SWL 351 could vary from $500,000 to $1,000,000 a year of land rent depending on the use program. If capitalized through a revenue bond, this would result in $5 to $10 million of funding to address unfunded Port-wide capital requirements. Note that the Port's capital plan does not currently include funds from a development project at SWL 351, although it does assume continued success of the Ferry Building area projects which rely on the parking provided at SWL 351 under the Parking Agreement.

The proposed development criteria for SWL 351 are intended to encourage creative proposals from the development community, to balance the constraints of the site, the concerns of the community, and the opportunity of a waterfront development. If the Port Commission chooses to issue an RFP with general criteria it may lead to receipt of fairly disparate proposals received. Proposals could range in use, scale, and revenue to the Port. However, by seeking market-based submittals, the Port Commission will be choosing, in the best scenario, from options presented by capable, well-funded developers with the resources to realize both community and economic value on the site.

COMMUNITY OUTREACH

Following the hearings at the Port Commission on February 12, 2008, Port Staff has conducted the following community outreach on this project.

Stakeholder Discussions

In recent months, Staff met or talked with numerous stakeholders regarding the SWL 351 development opportunity and discussed how to best receive community input. It became clear that there was a strong voice among neighbors and private club members for a no development scenario. However, there are also citizens and associations who do not support the continued use of the site as a surface parking lot and encourage its development as a city-wide benefit. These views have also been expressed in substantial public discourse on this project for several years. (Exhibit I contains public comment received at the Port Commission on this project.)

Outreach Process

Staff sought as much input as possible through a community workshop, website outreach, and informal stakeholder discussions. A project website was created and information was posted prior to and following the April 14, 2008 community meeting. Key parts of this staff report, the draft development criteria and background materials, were posted on the Port's website on May 16, 2008 to allow early consideration by stakeholders. The next step in the public process is this informational presentation to the Port Commission where, with a Port-wide perspective, the Commission can balance the needs for revenue, activated use, parking and open space on this site.

Staff recommends that a further round of community outreach and discussion be undertaken subsequent to the receipt of proposals, if the Port Commission acts to issue an RFP, to inform the evaluation of the proposals. The public best understands proposed change by seeing actual development proposals as experienced in the SWL 337 RFQ/P process. Allowing the private sector to propose concepts that are market driven, has sparked imagination and community input at SWL 337 in a beneficial manner.

April 2, 2008 Northeast Waterfront Advisory Group (NEWAG) Meeting

Staff briefed the NEWAG on the SWL 351 development opportunity. The discussion focused on the outreach process and the structure of the April 14, 2008 community meeting. NEWAG representatives from Telegraph Hill Dwellers (THD) and the Barbary Coast Neighborhood Association (BCNA) suggested that more than one community outreach meeting would be desirable and offered to sponsor such events. Since the NEWAG meeting, Staff has offered to brief THD or BCNA and is still working to schedule such a briefing. NEWAG members were asked to attend the April 14, 2008 community meeting and to encourage their constituencies to attend.

NEWAG discussed the need for subarea planning or updates to the Waterfront Plan. Staff explained that SWL 351 is in the Ferry Building subarea of the Waterfront Plan. No changed circumstances have occurred in that subarea that require a fresh look the plan. In fact, the Port has already realized most of the goals identified in the Waterfront Plan for the Ferry Building subarea.

Staff explained that there would be later opportunities for NEWAG to comment on the draft development criteria, to comment on proposals received, and as they have in other projects, to guide the refinement of any project selected for negotiation.

April 14, 2008 Community Meeting

Over 100 people attended the planning workshop held by the Port on April 14, 2008. Strong concerns were expressed about any development other than open space on the site by most of the attendees. There was limited support for a modest scale of development. Exhibit J summarizes the public comment received. Please note that most of the attendees were focused on preserving the private tennis and swim club rather than opportunities for SWL 351 and the Port. There were in attendance a number of potential developers for SWL 351, doing early due diligence for a potential RFP.

Website Comment and Letters

In addition to formal meetings, the Port has encouraged the public to provide comment on its website and has received other communication about SWL 351. An article appeared in the San Francisco Chronicle regarding the potential development opportunity on April 23, 2008 and discussion on a number of local real estate blogs has also expanded the outreach. Exhibit K includes the comments received since early April.

June 4, 2008 NEWAG Meeting

The Port Commission direction regarding the SWL 351 development opportunity from its May 27, 2008 meeting will be discussed at the June 4, 2008 NEWAG meeting. Staff will provide the results of that dialogue to the Port Commission at any of its future meetings about SWL 351.

ANALYSIS OF POLICY OPTIONS

The proposed private development project on the adjacent site, and the pending loss of Ferry Building parking at Pier ½, have accelerated the need for the Port to evaluate its options for SWL 351. Based on Port Commission direction, Staff has conducted outreach and research to propose development criteria for the site, in light of its designation as a mixed used development opportunity in the Waterfront Plan. However, issuing an RFP is not the only option available to the Port Commission. Policy options for SWL 351 include:

1. Development Solicitation (RFP)

Based on Port Commission feedback received on the development criteria and any further analysis, Staff would revise the criteria and return to the Port Commission with an action item to issue an RFP for SWL 351. That RFP would explain that there is an offer to combine the site into a larger project and the Port desires to determine its options available for the site. Developers have expressed interest in the site for restaurant, residential, hotel and senior care/housing uses.

The challenges of a competitive solicitation are the uncertain market response to the constrained site and the difficulty in achieving multiple Port policy objectives on SWL 351 alone.

2. Direct Negotiation/Sole Source

The Port Commission could invite SFWP to submit a detailed proposal for the site based on specific development criteria and business term requirements. After receipt of the proposal, analysis and public review and testimony, the Port Commission would evaluate whether to enter into exclusive negotiations leading to a term sheet.

The challenge of this alternative is that the Port Commission, and ultimately the Board of Supervisors, will need to make the finding that a sole source negotiation was required to secure the benefits provided by the project. SFWP may find the risk of seeking a sole source waiver too high and not respond to the Port's invitation to submit a proposal on these terms.

3. No Action

The Port Commission could take no action at this time on SWL 351. This option would postpone the question of whether to include SWL 351 in the SFWP project at 8 Washington. SFWP may revise its entitlement efforts to build only on the land it controls, and secure entitlements to build a project adjacent to SWL 351 that may constrain the Port's ability to develop the site in the future. Exhibit L shows the SFWP proposal with and without inclusion of SWL 351 as presented by SFWP on December 11, 2007. If the Port were to endeavor to include SWL 351 into the 8 Washington project late in the process, it could be constrained by the development rights secured by SFWP.

No action could likely result in use of SWL 351 as surface parking. SWL 351 would continue to be operated by Ferry Building Investors under the Parking Agreement, until it is offered for development or a new public garage is developed elsewhere in the area. The loss of Pier ½ would result in more intense use of SWL 351 likely with valet parking of up to 130 cars.

If the Port takes no action now, and SFWP continues to proceed independently, the Port loses the ability to shape the project to meet its policy goals. Additionally, the future value of SWL 351 may be reduced as buildings on the adjacent site would likely constrain options on SWL 351.

The Port would have the option of offering SWL 351 for development at a future time.

4. Port Project

Rather than soliciting for development partners, the Port could proceed with a development project for the site. To continue to support the Ferry Building, such a project would need to include at least 90 parking spaces. A public parking garage with active ground floor uses is an option that would generate parking revenue to, in part, cover its capital costs. A funding source for a Port project would need to be identified especially if it includes a substantial open space use or other low or non-revenue generating use and would increase Port ongoing maintenance expenditures.

5. Open Space or Park Use

As previously discussed, there is significant open space in the area. Nevertheless, if the City's Recreation and Park Department or other entity wants to develop a park on SWL 351, the Port could transfer ownership to that entity in exchange for compensation for the land value. State Lands Commission review would be required of such a transfer of ownership.

NEXT STEPS

SWL 351 presents a challenging opportunity for the Port Commission to meet its varying goals. This staff report has provided technical analysis to inform the policy choices and Staff invites both Port Commission and public discussion of what steps to take next.

Prepared by: Kathleen Diohep
Project Manager

For: Jonathan Stern
Assistant Deputy Director
Waterfront Development

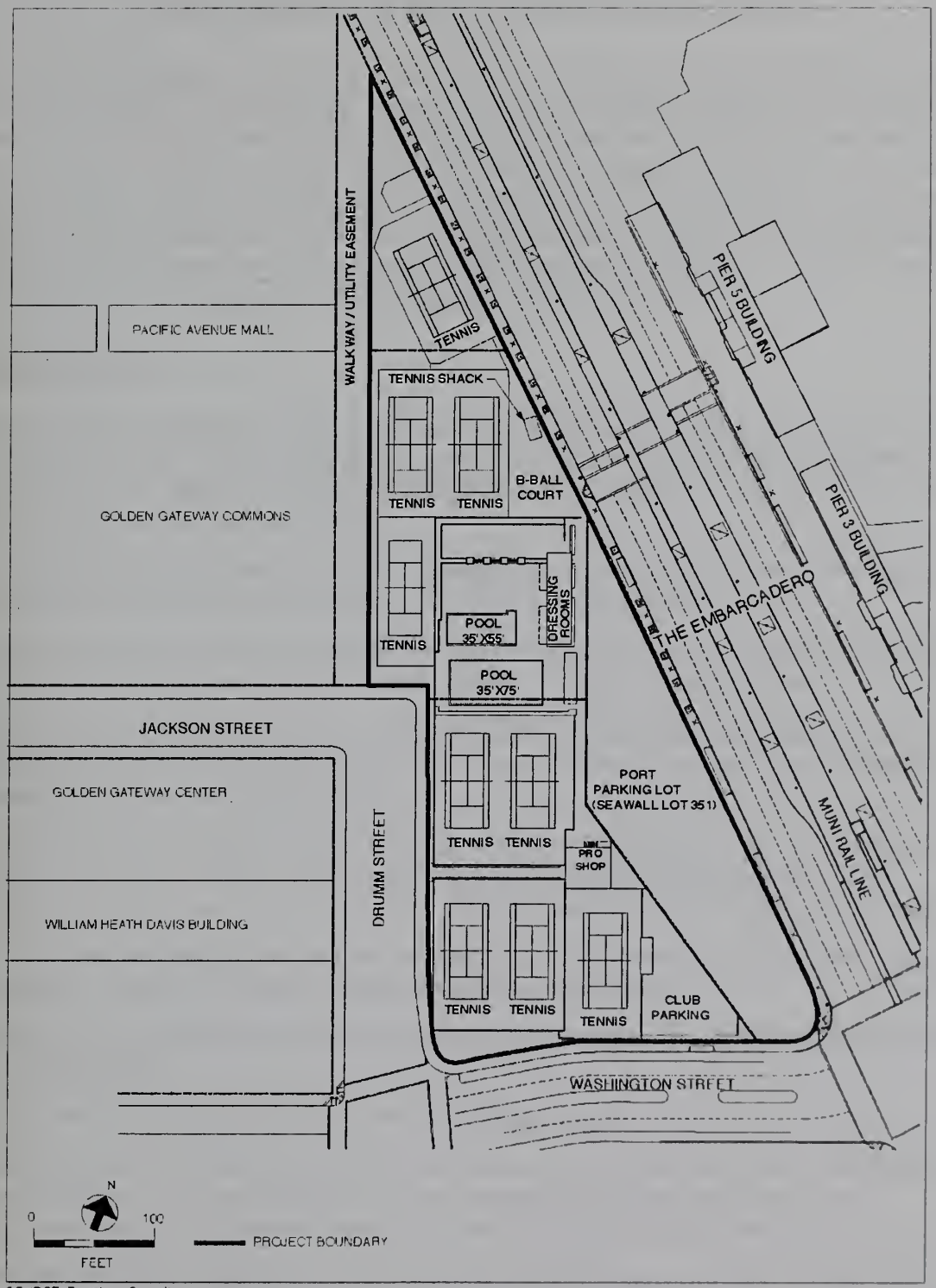
Byron Rhett, Deputy Director
Planning and Development

Attachments

Exhibit A	Site Map
Exhibit B	Draft Development Criteria
Exhibit C	Area Park and Open Space Resources
Exhibit D	Recreation and Park Department Maps of High Need Areas
Exhibit E	Area Context and Building Heights
Exhibit F	Ferry Building Area Accomplishments
Exhibit G	Land Use Constraints
Exhibit H	Ferry Building Area Parking Agreements
Exhibit I	Public Comment at Prior Port Commission Meetings
Exhibit J	Summary of April 14, 2008 Community Workshop
Exhibit K	Comments received on Project as of May 21, 2008
Exhibit L	San Francisco Waterfront Partners' Proposals

Exhibit A

Project Area Map



SOURCE Turnstone Consulting

Exhibit B

SEAWALL LOT 351
DRAFT DESIGN & DEVELOPMENT OBJECTIVES

Below are four categories of proposed design and development criteria for SWL 351: Design, Development Program, Land Use, and Financial. The design and development criteria are structured to invite innovative development and design ideas and proposals to best use this extraordinarily well located, though odd shaped site. The criteria seek multiple public benefits that may compete economically and/or for space on SWL 351. In San Francisco, successful development projects possess a character and design that attract and build community support, and for which the balance between revenue and development feasibility and public benefits is well crafted to the specific site, neighborhood and market opportunity.

Design Objectives

The Port is seeking a project of first class design and architectural quality for this site. The following design objectives are intended to spur creativity from responding developers. Following receipt of proposals, additional design review through public hearings and a range of regulatory review bodies will be required.

- The design of new development should respect the character of the Ferry Building, the mid-Embarcadero open space improvements, and the Golden Gateway project.
- Reinforce the large scale of The Embarcadero by using bold forms, deep recessed building openings, and strong detailing on building facades facing The Embarcadero.
- Construct new development which complements the rich architectural character of the Embarcadero National Register Historic District and complementary to the architectural features of the pier bulkhead buildings.
- To define the north edge of adjacent open space, new development should acknowledge the massing and street enclosure relationship with the bulkhead buildings across The Embarcadero (e.g. bold forms of similar height, constructed to the Embarcadero edge).
- Primary uses and pedestrian entrances should face The Embarcadero, and incorporate lighting and other amenities to create enlivened street activity.
- Avoid blank ground floor walls along The Embarcadero by providing views into the ground floor of buildings.
- Avoid service and parking access from The Embarcadero.
- Maintain and enhance the view corridors along the Embarcadero and down Washington Street. Reopen views and pedestrian access across SWL 351 through landscaped improvements along the sewer easement within the closed Jackson Street right-of-way.
- Propose a building height and massing that fits within the neighborhood context formed by the Golden Gateway Apartments (220 feet) and the heights of the historic Piers 1 through Pier 5 bulkhead buildings (55 feet at the top of the arches and 38 to 40 feet to the cornice of the bulkhead buildings).

- Design and locate parking facilities to minimize their aesthetic presence and impact on the surrounding area.
- Utilize best efforts to meet or exceed the City's Green Building Standards and best sustainability practices.
- Comply with Regional Water Quality Control Board performance criteria and Port's Storm Water Management Plan for the reduction of stormwater pollution impacts associated with newly constructed facilities.
- Reflecting the Port's commitment to encouraging diversity in design and construction contracting, the selected developer would be expected to work with the Port to establish local and small business utilization goals for subcontractor participation in design and construction of the project.

Development Program Objectives

- Promote public enjoyment of and access to the waterfront by providing a destination that welcomes diverse users, including workers, San Francisco residents, and visitors to the waterfront.
- Activate and revitalize the waterfront edge during the evenings and weekends to complement the weekday office uses in the adjacent downtown buildings.
- Reconnect the downtown and land side neighborhoods with the waterfront and make the area inviting to workers and local residents as well as visitors.
- Provide a development program which includes no fewer than 90 parking spaces parking for visitors to the Ferry Building waterfront area.
- Realize Port revenue to support the Port's public trust responsibilities, which include maintaining maritime industries, creating public-oriented activities and open space waterfront improvements, preserving historic maritime resources, and maintaining Port facilities.

Land Uses Objectives

Development at SWL 351 could take form under a variety of mixed use concepts. Based on policies in the Waterfront Land Use Plan, comments received in public meetings, and assessing current land use needs of the Ferry Building area, the Port has developed the following land use categories to guide development proposals for an RFP. Not all uses are currently allowed under the Waterfront Land Use Plan, and thus would require an amendment to the Plan. Some uses would require legislative or other actions to respond to the Port's public trust restrictions.

Required Uses:

Ground Level Retail and/or Restaurants fronting along The Embarcadero
Visitor Parking of at least 90 spaces

Encouraged Uses that are Public Trust Consistent:

Restaurants/ Eating and Drinking Establishments
Maritime Office & Support Services
Hotel

Encouraged Uses which require a Modification to the Public Trust Restrictions

General Office
Residential Uses including congregate housing for seniors
Non-water dependent recreation

Permitted Uses:

Upper Level Retail	Museums
Upper Level Restaurants	Academic Institutions
Community Facilities	Artists/Designers
Assembly & Entertainment	Recreational Enterprises

Financial Objectives

- Consistent with the project objectives, maximize the Port's revenue from the site over the lease term to help the Port meet its public trust objectives of supporting maritime industries, providing public-oriented activities, environmental and open space improvements on the waterfront, and maintaining Port facilities. The developer must:

  (a) Guarantee a fair market monthly base rent, taking into consideration the public benefits being provided as part of the project.

  (b) Pay percentage rent (or other type of participation rent) to the Port calculated on the gross receipts of the project.

  (c) Pay rent to the Port during the Project's construction and bond the completion of the project.

  (d) Provide provisions for periodic increases to base rent including cost of living increases and adjustments to fair market value.

  (e) Pay the Port a share of the net proceeds that the developer receives from the sale, refinancing or transfer of the leasehold.

  All rent must be net to the Port, with the developer being responsible for all operating expenses for the project and the site, including the public access areas.

- The developer will be required to make substantial capital investment in the project including meeting all regulatory, building codes, and hazardous materials abatement requirements.
- The developer will be required to assume all the financial risks of the development, entitlement, construction, maintenance/repairs, and operation of the project.
- The developer must have extensive experience in the financing, development and operation of the proposed uses and demonstrate the capability to construct the necessary building improvements.

Exhibit C: Ferry Building/Embarcadero Golden Gateway Public Open Space

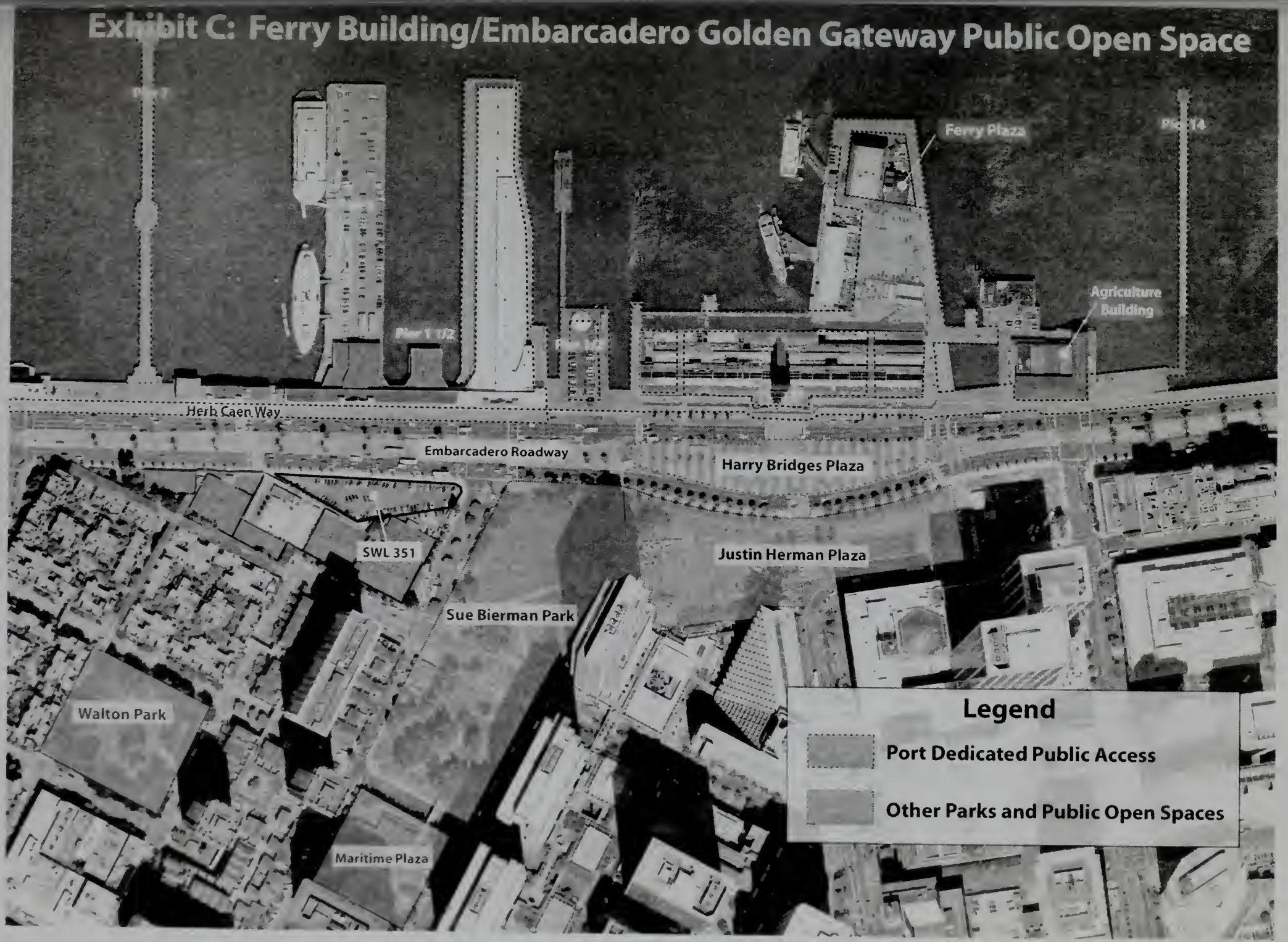


Exhibit D

NEIGHBORHOOD RECREATION & OPEN SPACE IMPROVEMENT PRIORITY PLAN

CENSUS TRACTS IDENTIFIED AS HIGH NEED AREAS IN SAN FRANCISCO, CALIFORNIA

October 2005

Source: San Francisco Recreation and Park Department

For more background on San Francisco Recreation and Park Department's Acquisition Policy and needs analysis see:
http://www.parks.sfgov.org/site/recpark_index.asp?id=38780

Neighborhood Recreation & Open Space Improvement Priority Plan

Census Tracts Identified As High Need Areas in San Francisco, California

Scenario 1 - Weighed Method*

High Need Areas

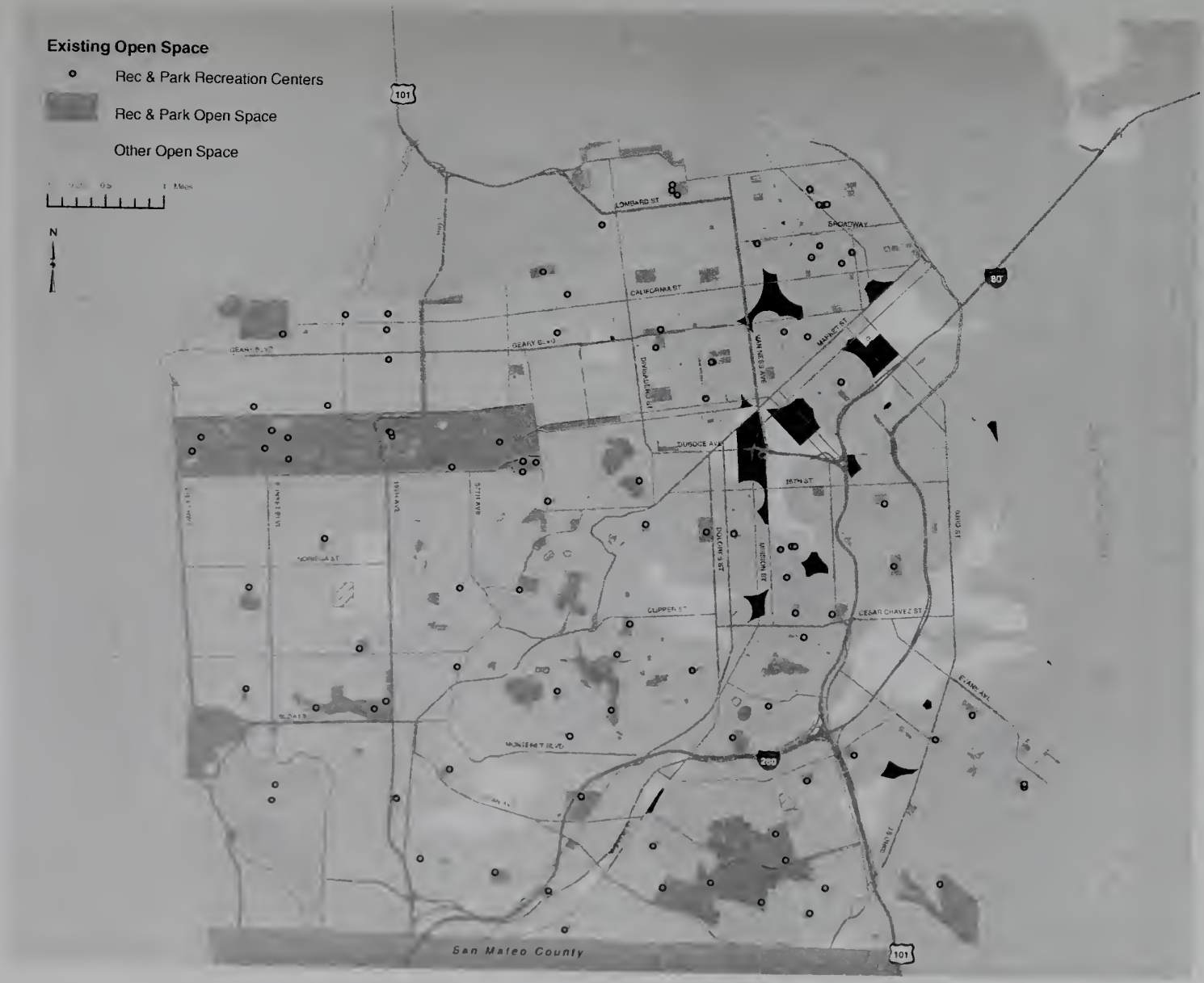
- Give Highest Priority: 5 - 10 Points
- Give High Priority: 1 - 4 Points

Data Source. 2000 US Census. SF 3. by Tract

*Methodology. This map is modeled after Map 9 "Neighborhood Recreation & Open Space Improvement Priority Plan" published in the Recreation and Open Space Element of the SF General Plan (p. I 3 47). According to the General Plan, "high need areas" are the census tracts that contain extreme demographic statistics as shown on Figures 4 - 8 (p. I 3 43-46). These are high residential, senior and children densities per net acre, and low household incomes relative to the city median household income. A total of five variables are spatially displayed against service area gaps. Each census tract may contain several variables or none. The represented weighed method assigns 2 points to each census tract that has "higher" and "lower" statistics, and it assigns 1 point to each census tract that has "high" and "low" statistics. Then points within census tracts are summed up and divided into two high need areas: "highest priority" areas (5 10 points) and "high priority" areas (1 4 points)

Data. SF Rec & Park open space and recreation centers layers developed by the SF Rec & Park Planning Division; other open space layer developed by the Rec & Park Planning Division with input from the Neighborhood Parks Council; census tract and all other basemap layers provided by the SF Department of Telecommunication and Information Services (DTIS). All data are in California Zone III, State Plane Projection, NAD 1983. The net acre layer developed by Sean Stasin, and the map created by Svetlana Karasyova in ArcView 8.2, an ESRI product, November 2005

San Francisco Recreation & Parks



Neighborhood Recreation & Open Space Improvement Priority Plan

Census Tracts Identified As High Need Areas in San Francisco, California

Scenario 1 - Weighed Method*

High Need Areas

Give Highest Priority: 5 - 10 Points

Give High Priority: 1 - 4 Points

Data Source: 2000 US Census, SF 3, by Tract

Existing Service Areas

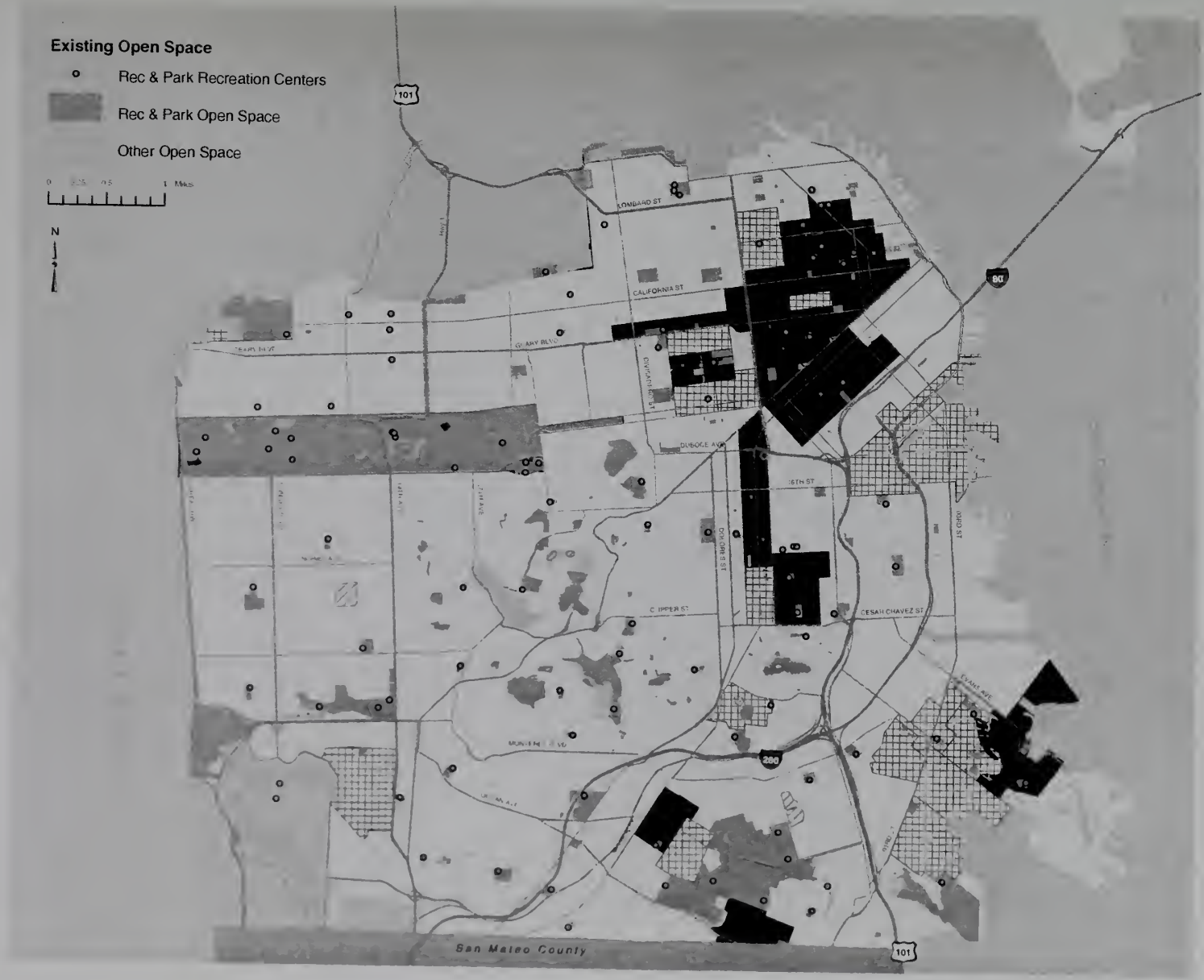
Service Area Gaps

Data Source 2005 SF Rec & Park Department

*Methodology: This map is modeled after Map 9 "Neighborhood Recreation & Open Space Improvement Priority Plan" published in the Recreation and Open Space Element of the SF General Plan (p I.3.47). According to the General Plan, "high need areas" are the census tracts that contain extreme demographic statistics as shown on Figures 4 - 8 (p. I.3.45-46). These are high residential, senior and children densities per net acre, and low household incomes relative to the city median household income. A total of five variables are spatially displayed against service area gaps. Each census tract may contain several variables or none. The represented weighed method assigns 2 points to each census tract that has "higher" and "lower" statistics, and it assigns 1 point to each census tract that has "high" and "low" statistics. Then points within census tracts are summed up and divided into two high need areas: "highest priority" areas (5 - 10 points) and "high priority" areas (1 - 4 points). Service areas and corresponding gaps within these service areas are developed based on the General Plan's methodology shown on Map 2 "Public Open Space Service Areas" (p I.3.11).

Data: SF Rec & Park open space and recreation centers layers developed by the SF Rec & Park Planning Division; other open space layer developed by the Rec & Park Planning Division with input from the Neighborhood Parks Council; census tract and all other basemap layers provided by the SF Department of Telecommunication and Information Services (DTIS). All data are in California Zone III, State Plane Projection, NAD 1983. The net acre layer developed by Sean Stasio, and the map created by Svetlana Karasyova in ArcView 8.2, an ESRI product, November 2005.

San Francisco Recreation & Parks



Neighborhood Recreation & Open Space Improvement Priority Plan

Census Tracts Identified As High Need Areas in San Francisco, California

Scenario 2 - Overlapped Method*

High Need Areas

Give Highest Priority:

- Census Tracts With 1 and 2 Points
- Census Tracts with 2 Points

Give High Priority:

- Census Tracts With 1 Point Only

Data Source 2000 US Census, SF 3, by Tract

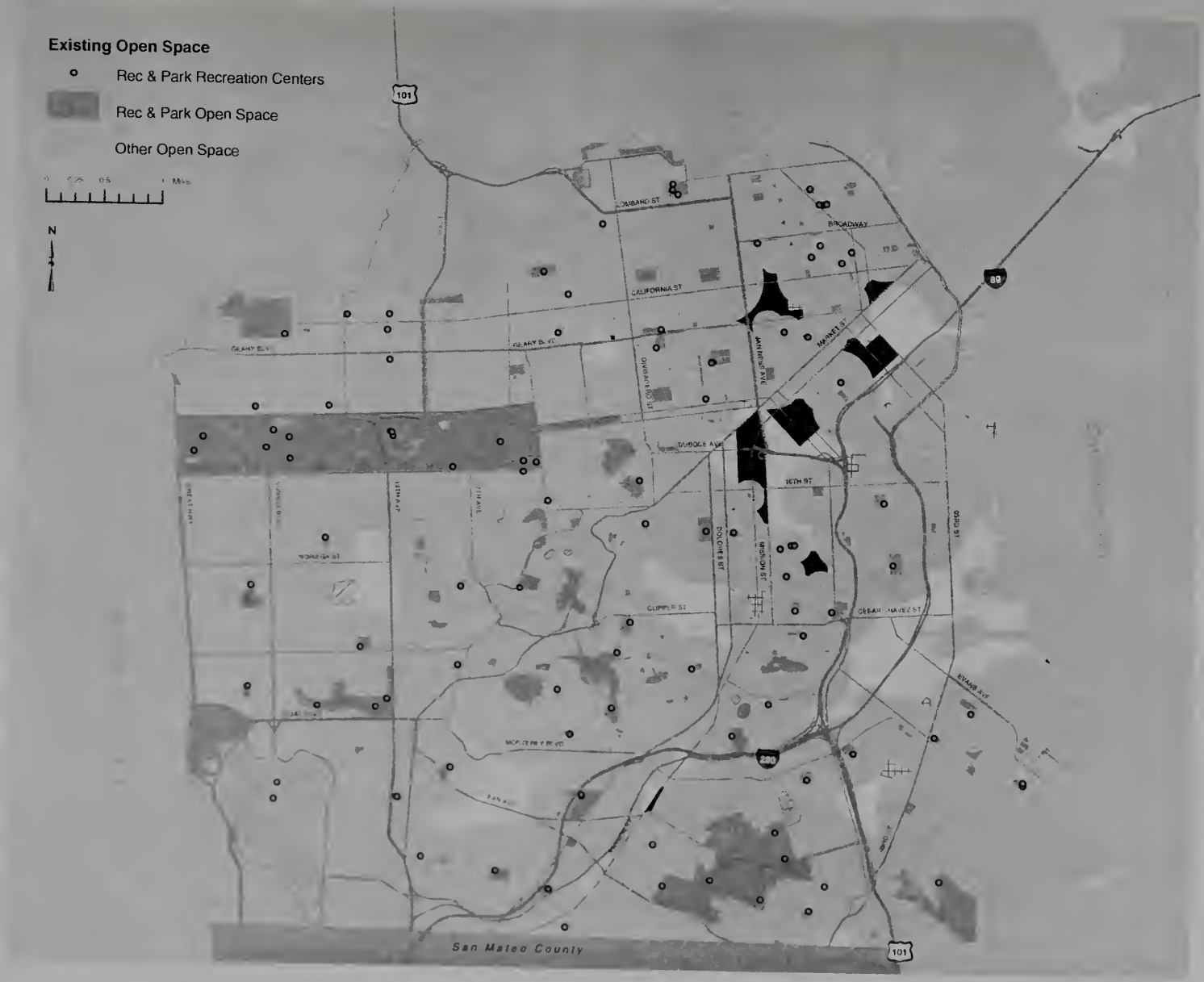
- Existing Service Areas
- Service Area Gaps

Data Source 2005 SF Rec & Park Department

*Methodology: This map is modeled after Map 9, "Neighborhood Recreation & Open Space Improvement Priority Plan" published in the Recreation and Open Space Element of the SF General Plan (p. I 3 47). According to the General Plan, "high need areas" are the ecosus tracts that contain extreme demographic statistics as shown on Figures 4 - 8 (p. I.3 45-46). These are high residential, senior and children densities per net acre, and low household incomes relative to the city median household income. A total of five variables are spatially displayed against service area gaps. Each census tract may contain several variables or none. The represented overlapped method assigns 2 points to each census tract that has "higher" and "lower" statistics, and it assigns 1 point in each census tract that has "high" and "low" statistics. Then census tracts are colored in a way that they show whether they contain 1 or 2 points or both.

Data: SF Rec & Park open space and recreation centers layers developed by the SF Rec & Park Planning Division, other open space layer developed by the Rec & Park Planning Division with input from the Neighborhood Parks Council; census tract and all other basemap layers provided by the SF Department of Telecommunication and Information Services (DTIS). All data are in California Zone III, State Plane Projection, NAD 1983. The net acre layer developed by Sean Stasio, and the map created by Svetlana Karasyova in ArcView 8.2, an ESRI product, November 2005.

San Francisco Recreation & Parks



Neighborhood Recreation & Open Space Improvement Priority Plan

Census Tracts Identified As High Need Areas in San Francisco, California

Scenario 2 - Overlapped Method*

High Need Areas

Give Highest Priority:

- Census Tracts With 1 and 2 Points
- Census Tracts with 2 Points

Give High Priority:

- Census Tracts With 1 Point Only

Data Source: 2000 US Census, SF 3, by Tract

- Existing Service Areas
- Service Area Gaps

Data Source: 2005 SF Rec & Park Department

*Methodology. This map is modeled after Map 9: "Neighborhood Recreation & Open Space Improvement Priority Plan" published in the Recreation and Open Space Element of the SF General Plan (p. I.3.47). According to the General Plan, "high need areas" are the census tracts that contain extreme demographic statistics as shown on Figures 4 - 8 (p. I.3.45-46). These are high residential, senior and children densities per net acre, and low household incomes relative to the city median household income. A total of five variables are spatially displayed against service area gaps. Each census tract may contain several variables or none. The represented overlapped method assigns 2 points to each census tract that has "higher" and "lower" statistics, and it assigns 1 point to each census tract that has "high" and "low" statistics. Then, census tracts are colored in a way that they show whether they contain 1 or 2 points or both. Service areas and corresponding gaps within these service areas are developed based on the General Plan's methodology shown on Map 2: "Public Open Space Service Areas" (p. I.3.11).

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San Francisco Recreation & Parks

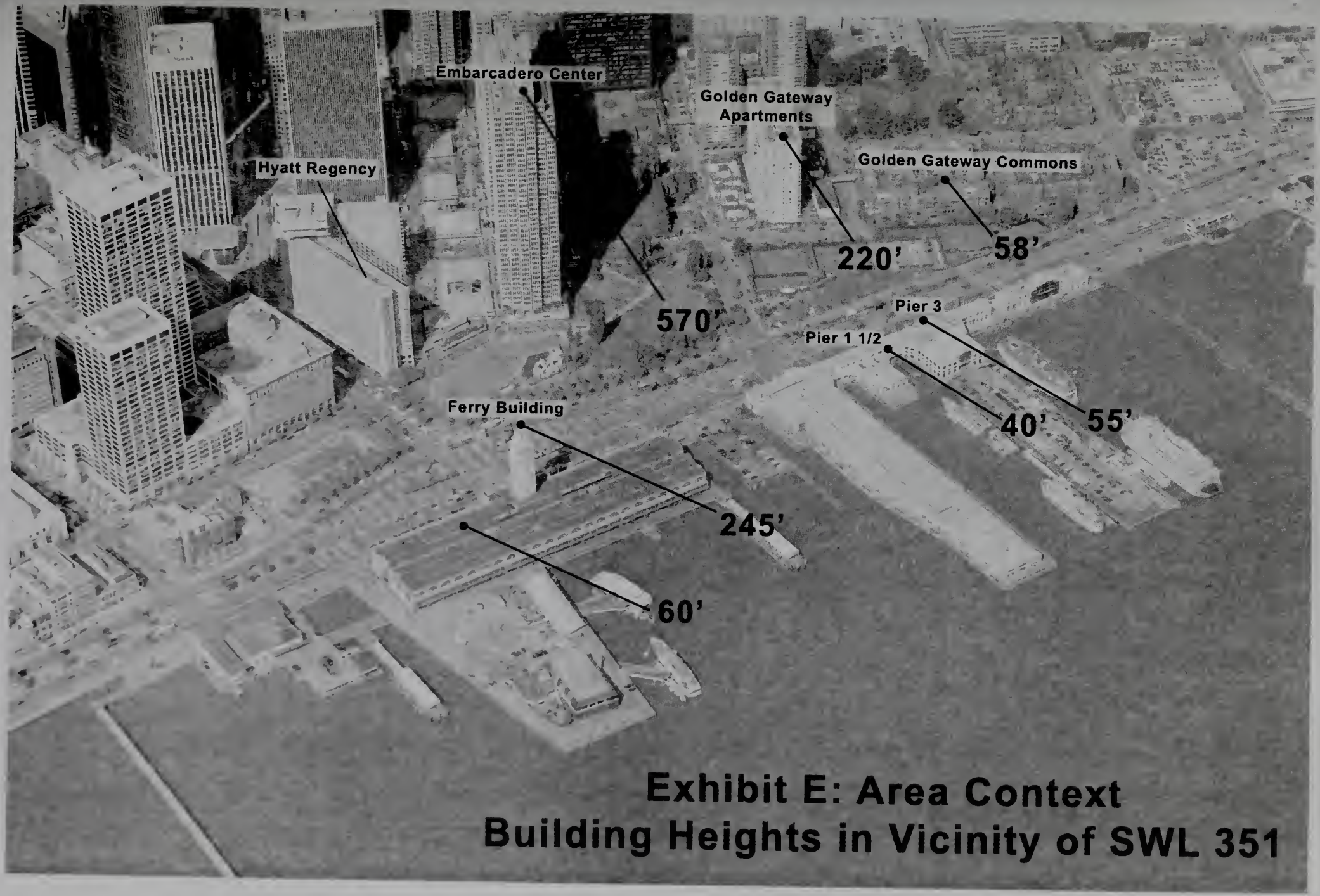

Exhibit E: Area Context
Building Heights in Vicinity of SWL 351

EXHIBIT F

FERRY BUILDING AREA PLAN IMPLEMENTATION

The San Francisco Port Commission has undertaken the following actions in furtherance of an overall program of harbor development for the Ferry Building Area consistent with Waterfront Plan policies and objectives. The Port, using the Waterfront Plan as a guide, has directed an infusion of more than $500 million of public and private investment in waterfront development highlighted by several award-winning projects. These changes have resulted in the creation of a new dynamic waterfront for San Francisco. This was done in a complex political and economic environment all the while continuing our mission of promoting and expanding San Francisco's maritime industries

- Downtown Ferry Terminal The Port funded $17 million and completed Phase I of the Downtown Ferry Terminal Project adding two ferry berths, providing seismically secure access to those two and four other existing berths, and with Phase II, to be implemented as demand warrants, will add another four ferry berths.

- Rincon Park Restaurants Project – Opening in 2008, this $18 million project, located on a 20,000 square-foot site at the south end of Rincon Park, features two waterfront restaurants offering spectacular views of the Bay and Bay Bridge and outdoor piazza.

- Piers 1½,-3-5 Historic Rehabilitation and Mixed Use Project – Completed in 2007, This $56 million project will include the historic rehabilitation of Piers 1½,- 3-5, extensive public access walkways along the water, food service establishments, new offices on the upper floors, and a water taxi landing and guest boat dock.

- Waterfront Transportation Projects (2000) – The Waterfront Transportation Projects was a $475 million, federally funded roadway improvement project to replace the elevated Embarcadero freeway, damaged in the Loma Prieta earthquake, with a waterfront boulevard from Pier 35 to Third and King Streets. The seven-year project included the reconstruction of the Embarcadero Roadway, construction of a 25-foot wide pedestrian Promenade along the Bay side of the Embarcadero, construction of the MUNI F-Line (to Fisherman's Wharf) and E-Line (to Cal Train), landscaped medians, and new public art.

- Ferry Building Historic Preservation Project (2003) – This project is a $100 million historic rehabilitation of a National Register and City Landmark Building. The restored Ferry Building includes a ground floor marketplace, including retail food shops, restaurants, a bookstore, ferry services, and public uses, totaling approximately 70,000 square feet. The two upper floors include office uses and the Port Commission Meeting Room, totaling approximately 170,000 square feet. Public access was also created through the building.

- Pier 1 Historic and Maritime Office Building (2001) – This $54 million historic preservation project converted a shed building used for parking to 150,000 square feet of Class-A office space, made up of the Port's new administrative headquarters, the project developer's new headquarters, other office tenants and the Pier 1 Deli. Nearly one acre of new public access extends through and along the perimeter of the pier building, and the Port's Bayside Conference Rooms are available to the public after hours for meetings and events. Innovative environmental building practices were incorporated into the building's reconstruction.

Exhibit G
Land Use Controls and Constraints for Seawall Lot 351

Use	Definition	Current Zoning (Public)	Waterfront Plan	Public Trust	Market Support Financial Feasibility
Open Space	Areas or features which are open to the public often provided as part of new development, including but not limited to: parks, wildlife habitat, wetlands, large plazas, tot lots, fishing piers and related public amenities	Permitted	Allowed SWL 351 is not identified as part of the Waterfront Parks/ Open Space Network	Allowed for visitor serving open space but not local park uses	No public resources identified for funding open space or public access on this site.
Residential	Includes but is not limited to: multifamily unit developments, and, in the southern waterfront, an RV park. Could include rental, condominium or group quarters (e.g. senior housing).	Not Permitted	Allowed	Not allowed Possible with a Trust Exchange or special legislation	Strong Market Support
Assembly/ Entertainment	Facilities for entertainment and attractions including but not limited to band shells, auditoriums, theaters (cinemas and live performances), night clubs, amusement parks conference, convention and event facilities, exhibition halls, public markets and children's entertainment.	Some publicly or institutionally owned facilities allowed as a conditional use	Allowed	Allowed	Site too small and constrained for most assembly/ entertainment uses
Office	Includes but is not limited to: administrative, management, executive, business service, research and development, and professional services for small and large companies.	Public offices allowed	Allowed	General Office Not Allowed; Maritime Office Allowed	Strong Market Support
Hotel	Facilities for overnight lodging, including hotels, bed and breakfast.	Not Permitted	Not Allowed	Allowed	Market Support
Parking	Includes but is not limited to: surface parking lots or above or below grade garages	Temporary parking allowed as a conditional use	Allowed	Allowed for waterfront visitor	Surface parking is feasible. Structure/underground parking is likely to require subsidy
Retail/ Restaurants	Retail sales of goods and services, including but not limited to restaurants and other eating and drinking establishments, shops, personal services, dry goods, public and other markets, retail outlets, gas stations and carwashes.	Limited amount allowed as an accessory to permitted uses with a conditional use approval	Allowed	Allowed for waterfront visitor serving retail and restaurants Local serving retail not allowed	Market Support
Visitor Services	Facilities and information services oriented to visitors, including but not limited to programs providing education and information to acquaint visitors with current and historical activities of the Port, the City, maritime operations or similar programs	Some publicly or institutionally owned facilities allowed as a conditional use	Allowed	Allowed	Could be part of a mixed use project; not high rent paying uses
Community Facilities	Public safety and community service facilities, including but not limited to fire and police stations, postal services, day care, health care, libraries, community meeting rooms, and medical emergency helipad.	Permitted	Allowed	Not Allowed as local serving	No public resources or facility need identified for community facilities on this site.
Recreational Enterprises	Facilities for non-maritime recreation-oriented activities including but not limited to: athletic fitness facilities, indoor and outdoor sports courts, jogging tracks, health and fitness centers and other non-maritime recreation amenities	Some publicly or institutionally owned facilities allowed as a conditional use	Allowed	Limited – require day use public access and need for waterfront location	Site too small and constrained for most recreational enterprises
Private Clubs	Membership based clubs not open to the public	Not Permitted		Not allowed Possible with a Trust Exchange or special legislation	Would likely require discounted land value

Exhibit H

FERRY BUILDING AREA PARKING AGREEMENTS

An important component of determining the Port's development criteria for SWL 351 will be consideration of how much public parking the Port wants on SWL 351. Background information on the Port's current parking commitments is below.

Current Port Controlled Parking

- SWL 351 – 77 parking spaces, 105 valet
- Pier ½ – 48 parking spaces, up to 100 valet
- Agricultural Building/Sinbad's Parking– 40 parking spaces, 73 valet
- Pier 3– 95 parking spaces, 120 valet
- Metered parking along the Embarcadero and Loading Zones

In addition to these spaces, parking is available at the City owned Golden Gateway garage (1,095 spaces) and in privately owned garages in the area. The Port will be initiating a weekend validation program at the Golden Gateway Garage for Ferry Building area visitors this Spring.

Ferry Building Parking Agreement

- With its approval of the 66-year Ground Lease with Ferry Building Investors, LLC for the Ferry Building, the Port Commission also approved a Parking Agreement with Investors.
- This Parking Agreement obligates the Port to provide at least 150 parking spaces within a designated proximity of the Ferry Building for use by its customers.
- Currently, this obligation is being met by open surface parking at SWL 351 and at Pier ½.
- Under that agreement which terminates in 2067, unless a new public parking garage is built in the area, the Port must make available 150 parking spaces for short term visitors to the Ferry Building. SWL 351 must prove at least 90 of those parking spaces. Any mixed use development on the site would need to meet this parking requirement.

Piers 1½ , 3 and 5 Parking Agreement

- With its approval of the 50-year Lease with the Developer for Piers 1½ , 3 and 5, the Port Commission also approved a Parking Agreement for the term of the Lease.
- This Parking Agreement obligates the Port to provide Partners with 25 parking spaces for use by its subtenants and their customers within a designated proximity of Piers 1½, 3 and 5.
- This obligation is currently being met at Pier 3 through an agreement between the Port and Hornblower Yachts, Inc., which leases the remainder of Pier 3 from the Port.

BCDC's San Francisco Waterfront Special Area Plan

The *Special Area Plan,* as amended in 2000, includes the following policy concerning Pier ½:

- Remove a portion of Pier ½ as part of the Ferry Terminal Phase 2 development project, retaining only that portion required for retaining a vessel berthing facility and public access.
- The Downtown Ferry Terminal Phase 2 will be funded by the Water Emergency Transportation Agency. The timing of this expansion is not known at this time.

Exhibit I
Public Comments at Port Commission Meetings
Regarding 8 Washington Project or Seawall Lot 351

APRIL 11, 2006
Informational Presentation on Proposal by Pacific Waterfront Partners, LLC to develop Seawall Lot 351 at Washington Street and The Embarcadero

Bill Benkavitch stated he has have been a **resident of the Golden Gateway Center** for 26 years. I wanted to say something today about parking which is a fundamental concept of this proposal. Mr. Snellgrove has stated and I went to one of his previous briefings and reiterated it here, the need for parking for the Ferry Building/waterfront area in order for the Farmer's Market to succeed and ultimately serve to enliven the waterfront. This parking vision is a 20th century vision. We are in the 21st century. We are not in Los Angeles 1956, this is San Francisco 2006. The automobile and its support systems is legacy thinking. We should look elsewhere. One of San Francisco's sister cities is Sydney, Australia. I have had the good fortune to visit Australia and have made six trips there. The waterfront in Sydney is quite similar to here, particularly the area called the Circular Key. Here's a quote from an Aussie website: "The Circular Key in Sydney is the harbor side transportation hub of the central business district. It is a major city terminal for buses, trains and ferries." They do not mention cars. Tens of thousands of people go through Circular Key every day. It is vibrant and alive. They pretty much do it without cars and parking. This proposal may seem very tempting to you. It would be easy for you to pick the low hanging fruit here. I hope the Commission will take its time and dialogue people who live here about what's best for the neighborhood before making any decision on this proposal.

Lee Radner of FOGG (Friends of Golden Gateway) said he also **lives at the Golden Gateway** and is the chair of the FOGG. If you just close your eyes for a moment, and imagine these two massive buildings and really over 600 parking spaces at 8 Washington, what you see is a rich person's ghetto, maximizing profits for a few to the detriment of our neighborhood. This community was not planned happenstance. It was well thought out and accepted for redevelopment with international acclaim, provided that there would be open recreational space. The parcel of 8 Washington was sold at a huge discount because there would not be any development on that site. It has stood the test of time supported by many including Dianne Feinstein, both Mayor and U.S. Senator and our own supervisor, Aaron Peskin. Every day you read in the papers families and their kids are leaving San Francisco because of 1) no affordable housing and 2) lack of support facilities like recreational space. We live in one of the most densely populated areas with the least space of open recreational space. We should not be diluting the available recreational area; we should be expanding it and not close it down for two years. Your seawall parking lot, except for Saturdays and special events, is never filled. The historic seawall and the bay side of the Embarcadero extend at its base for 200 feet under the roadway and abuts your parking lot. At this point it is fragile and porous and these words are from your own Planning Department. Bay high tides extend all the way to Montgomery Street, making this project questionable as to safety. We are in a high risk area in event of a major earthquake. We commend Mr. Snellgrove for appearing at many community forums to present his plan. He hoped to have support from the community before proceeding. We think he now knows that this isn't going to happen and hope that this could be the final chapter in his endeavors. I thank you for the time, and as you can see the turnout on a very bad day indicates the amount of support for the open recreational space.

Edward Helfeld, a City Planner by profession and from 1987 through 1994 stated he was Executive Director of the Redevelopment Agency of San Francisco. I am a **club member** for about ten years. And as you know, this site is in a redevelopment area. The Golden Gate Tennis and Swim Club is an extraordinary recreational facility that has for 38 years served a wide range

of people, children, seniors, downtown workers and residents in the densest part of the City. It is such non-governmental institutions like Mechanics Institute, the South End Rowing Club, the Y's around the City that help achieve livability in San Francisco. Over the past 20 years, three previous proposals to develop housing on the club site have been proposed and rejected. Now, while purporting to rebuild the recreational areas after the housing is constructed, what has been offered in previous proposals drastically reduced the facilities and open space. This proposal does the same. Despite drawings with large areas colored in green, this proposal is the first that I know of that includes Port land. While the Port needs to pursue its goals, I would urge you to help preserve this valuable community recreational facility and reject the proposal. Thank you.

Robert Geering stated this was the first time he had seen this projeet. I have lived in the Golden Gateway Commons. I am also the **architect/designer of the Golden Gateway Commons** 30 years ago or so. So I am not going to have a very organized presentation because this is the first time I've seen it. I'd like to commend the developer and the architect for several things that I have written down in my little notes here that I think are really pro. The development of the Embarcadero edge, I've always felt that a parking lot along the edge of this new beautiful boulevard is kind of a waste, and so the idea of developing a street edge along the edge to me is a very good idea. I also feel that additional parking for the Ferry Building is a good idea and it is an underutilized site now and it makes sense to do that. I know that people behind me are not going to be too happy with what I'm saying, because I am one of the owner's of one of the houses in the Golden Gateway. I think also that the street activity is good. I think that the idea of splitting the building into two pieces and keeping a park and access at the end of Jackson Street is good. I do have a few problems and just as an architect and these are aesthetic problems. You know, architecture is very subjective. Some people like classical buildings, some people like modern buildings. My personal feeling is that we live in the 21st century and we shouldn't be approaching things from the 17th century. I think that from what I see and this is the first time I've seen it, what I see on the drawings here is that the building is a bit baroque, over-inflated. To me it does not tie in with the maritime nature of the Embarcadero or the Port or even the classical Ferry Building. Hopefully this is taken as constructive criticism that the architect and developer go back to the drawing board for instance and look at other ways to do this project from the standpoint of aesthetics. Again, I think it's just sort of an inflated and overblown design.

Lloyd Root stated he lives at 440 Davis and has lived here for approximately 35 years. I was born in San Francisco, not too far away from here. I joined the Navy in November 1941 not too far away from here on Market Street. I basically grew up in the northeast quadrant of the City which is the one that was most heavily damaged by the earthquake and fire. And I remember playing in empty lots as the City built back from what it was before. We had great open space then. We are loosing open space at a rapid rate and this project will do nothing to enhance open space. I would ask you to consider very carefully what you're being asked to do. The one thing that has not been mentioned here is the concept of greed and basically, as far as I can see, the only value of this is to satisfy someone's greed. Thank you.

Diane Root said she also **lived here**, obviously with Mr. Root. We enjoy the openness, the space, the grass, and the children that we hear playing. We enjoy watching people on the Embarcadero. This cumbersome structure to me doesn't have any openness, any glass or space. It is just height and bulkiness and it doesn't share the invitation of keeping the children here, keeping the school, ideas of parties that go on at the Golden Gateway. It is let's just open the street of Jackson for what? I guess the people that are going to be at Pier 1 ½ and coming over through there, but there isn't that much activity in our area and to close it down with more building is going to restrict

more and the traffic. I know it's going to be on the outside, but the traffic will be horrendous. So I am against it.

Ernestine Weiss stated she had been through this route before with parking garages and I won the one underneath Ferry Park. Quite frankly, it was the wisest thing to do. As far as the Ferry Marketplace, I am sorry to say but long ago, Willie Brown and I discussed it and we said that a food court is not the way to go there because the people rushing through the Ferry Building to catch the ferry going home are not going to shop here. They shop in Mill Valley where they live and they don't have to schlep the groceries and so forth and so on. A garage of 520 cars here is insane. We have Pier 27-31 going up and they wanted to put 400 cars and I fought that and thank God it was defeated. We have a zoo right now on the Embarcadero going to the Bay Bridge. We cannot take any more. We cannot absorb any more traffic. It is wild. So, going back to the Ferry Building Market Plaza, they are not doing the business during the week and I'll tell you why. The locals purchase the food on Saturday. Saturday is the big shopping day always in retail. They are not going to buy olive oil. The tourists are not going to buy olive oil and gadgets to take back to their hotel room to cook. Let's face it, they are here to have a good time. So they are going to use the restaurants, which is fine. They are doing well. But during the week, Tuesdays there is nothing going on. The locals who buy here also shop on Saturday because they work during the week. They can't shop on Tuesdays. So, the result is they are not doing the business and I am sorry to say that we predicted that a long time ago because of that. And the people who do shop on Saturday, come on Muni. I see them all the time taking their little bundles on the Muni. Those are the locals that live here. Those are the customers. You have to figure who is the customer when you're developing something. As far as the building is concerned, Simon you are very talented.

I think it is a fine architectural display. It is really beautiful with the pass through going through to the Embarcadero; however, not on this corner. I recommend it on Broadway. Broadway is a wide street where the traffic can flow better and please, put it there. Please put it there. Listen to me. I am an old pro at this and a successful one. Thank you. So listen to my advice and you will make money. You are starting at a place where you have to wreck the property. At Broadway there is nothing, no opposition. There is nothing there that you have to demolish. It is a free wheeling thing. So go ahead and locate it there. People are going to bring their packages to Broadway. It's not that far and that argument is way out of whack. People use shopping carts and they can walk. Look at them - they're getting fat and ugly because they don't get out of their cars.

Joe Wyman said it was a great honor to follow Ms. Weiss. I am a member of your NEWAG group and also a tenant of the Port of San Francisco. I work for **Hornblower Cruises** at Pier 3. Hornblower has been a tenant of the Port of San Francisco for 25 years and their corporate offices are in the Ferry Boat Santa Rosa which is to the rear of the Piers project. So we have had to suffer flat tires and dirty environment now for two years while the construction of those buildings has gone on. I wanted to relate to you our management concerns about Pier 3 and about parking in general. The lot, as you know, and you have probably been on that lot a couple of times, is quite full and getting even fuller. As Simon's project opens up in front of us, more of those parking spots are dedicated to Simon's tenants for a specific period of time. I guess what I am trying to say is that parking in general needs to have a comprehensive vision, a comprehensive look up and down the waterfront where landside parcels need to be looked at to provide parking for water dependent uses or for those uses that cannot provide parking out over the water. The community raised that concern with the Mills Project about the number of vehicles crossing the Embarcadero

or crossing Herb Caen Way, so to give up on landside parking I think is a mistake and it should be looked at in a comprehensive manner. Thank you.

Steven McCarthy, Partner and General Manager of Prather Ranch Meat Company located in the Ferry Building next spoke. I just wanted to give a little of bit of a perspective from a business owner, a small business owner, a local business owner from that position. I am not sure what presentation everybody else who has spoken up to this point was watching, but the one that I saw really didn't show any decrease of open space. I have heard that reiterated quite a few times, but I saw the numbers actually going up rather than going down. I think it was a 1,000 square feet that was outside space and the something about a recreation facility that was almost doubled in size. So I am not quite sure where the idea has come that this would actually close down the open space. That's the first point I would like to make. The next point is that since the earthquake some years ago, much of the San Francisco waterfront has finally opened up which is why we have this building to enjoy and the waterfront up and down. There is no more hideous looking highway out front. While this waterfront in San Francisco is for all the San Francisco residents to enjoy, not just a small number that happen to live here. So, with the increased parking structure…I mean if it's 500 spaces and not the 350 that's actually in the presentation, fantastic, even better. The amount of people that live in the City that are going to come down here will go up. It will support local small businesses like my own and there will just that many more people that are able to enjoy the waterfront activities that we have down here. Again, not just the people in the neighborhood. San Francisco is prized for its waterfront availability. With the freeway coming down and the opening up of the waterfront, it is available to a lot more people and this will help more San Franciscans enjoy the waterfront. Also, the fact is that most of the businesses down here in the Ferry Building do actually do quite a good business during the week. It's not just on Saturdays that locals come down here. I can show you the numbers to prove it. We have quite a few local people that live in this neighborhood that support our business. If they didn't support our business Monday through Friday, we wouldn't still be here. We couldn't survive on Saturdays' revenues alone. It's just not the case. So I would think that more parking down in this development would enhance the vitality of the waterfront and it would continue to open it up for people throughout the City of San Francisco, not just the local residents. Thank you for your time.

Frederick Allardyce, Barbary Coast Neighborhood Association, said he wanted to thank Mr. Snellgrove and his group very much for your very professional presentation to make some changes to the neighborhood. I am here today representing the Barbary Coast Neighborhood Association as its President. The Barbara Coast Neighborhood Association is comprised of the Golden Gateway Common Residential Complex, the 101 Lombard Telegraph Landing, Park Telegraph and Golden Gateway Commons Condominium Complexes and the various commercial owners and tenants of the Barbary Coast area. That includes over 2,000 condominiums with 3,000+ residents and over 5,000+ commercial tenants. We are here today to congratulate the Port in the various improvements the Port has made so far to the Barbary Coast area including the Herb Caen walkway, the wonderful Ferry Building and the soon to be completed Piers 1½, 3 & 5 project. We are here also today though to support the Friends of Golden Gateway (FOGG). It is their desire to maintain the existing use of the Golden Gateway Swim & Tennis Club. My guess is few of you as Port members were present at the hearings that the San Francisco Redevelopment Agency held in the timeframe when they awarded the rights to the Perini Land and Development Company to build the Golden Gateway Center, the Golden Gateway Commons, the Sydney Walton Park and the Golden Gateway Swim & Tennis Club. At that time, if you were to review their records and talk to the gentlemen that were part of that process, you would find that there were eight developers that proposed having the opportunity to develop that site as part of the

Redevelopment Agency development that went north from Market Street all the way to Broadway. The reason that Perini won and the reason they were applauded today for what they did, was that they proposed a private park and a swim and tennis club facility that would be complimentary to the mixed use nature of the neighborhood which included the Alcoa Building, the Golden Gateway Center and the mixed use complex of the Golden Gateway Commons and its commercial component. The approval of those plans did not call for additional housing to replace the swim and tennis club at some future date. There was never any suggestion of that whatsoever. In fact, the rights to develop the Golden Gateway Swim and Tennis Club area were at a significantly lower price than what they had to pay the Redevelopment Agency for the rest of the housing component. So it was never, never ever the intention to come back after they awarded the rights to Perini to do this to come back and change it and make it into housing. This was always to be open space recreational, just like the park. But there was a mistake made, and all the people in the Redevelopment Agency today would say that we did not zone it for that. So therefore, this is now encouraging developers to come in. This is the fourth attempt to do this, to take away this open space from the neighborhood and we are against it. We want to support FOGG to keep the neighborhood as it is. There are lots of other sites as have been explained that can be utilized in the City to develop some high rise housing. Thank you for your patience.

Nan Roth, Telegraph Hill Dwellers, said she was here today on behalf of the Telegraph Hill Dwellers to whom Mr. Snellgrove presented his proposal somewhat less than a week ago. So I will read the letter that they have written that I hope you have received copies of. "I write on behalf of the Telegraph Hill Dwellers, a non-profit community group founded in 1954, and representing over 800 residents from the Telegraph Hill, North Beach and northeast waterfront neighborhoods. Our organization has been actively involved with land use issues affecting the northeast waterfront and the Golden Gateway community since its founding in 1954. The late Robert Katz, a founding member of the Telegraph Hill Dwellers, played a leading role in the modifications to Phase III of the Golden Gateway Redevelopment Project that led to the construction of the Golden Gateway Commons in place of the originally proposed four high-rise towers, and we continue to advocate for a livable community that responds to the needs of all its resident, particularly those of children and senior citizens.

Mr. Snellgrove presented his proposal for the development of 8 Washington Street to our Planning & Zoning Committee on April 6, 2006. After careful consideration, we find that we continue to concur with the opinions previously expressed by both our organization and by Senator Dianne Feinstein and Robert L. Rumsey that the part of the proposed development site currently and previously under the jurisdiction of the Redevelopment Agency was intended only for use for recreation and open space, that this use was to be in perpetuity, and that this restriction was reflected in the original steeply discounted purchase price for this site.

Over and above the obvious benefits to the over 2,000 adults and children who reside at the Golden Gateway Apartments and the Golden Gateway Commons and enjoy the use of this facility at a very modest cost, I might say comparable to what you would pay to join the Y, one must also consider the value of this amenity to the other residents of the northeast sector of San Francisco whose recreational and open space needs are the most underserved in the city. We note that the existing Port parking facilities are only fully utilized on Saturday mornings. Working with the community to gain improvements in public transit as well as better utilization if existing parking facilities in the area can and should meet the Port's parking needs at a fraction of the cost of this proposal, $30 million to park 350 cars, in both monetary and societal terms. We ask the Commission to carefully consider the above issues before making any decisions regarding this

project." The letter I have just read to you is signed by Vedica Puri, the Chair of the Waterfront Committee and next week she will become president of the Telegraph Hill Dwellers.

Nan McGuire, a member of the Golden Gateway Tennis & Swim Club for about the past six years stated she does not live in the development. I live on the border of Russian Hill and North Beach and about four days a week I walk 25 minutes to the club so that I can swim and try to help my back which is a chronic problem. That's enough about me. I know that you all are very interested in what happens in the City and I am sure you have read numerous times in the paper that the Mayor wants to make this a family friendly City. It is a tough challenge, but keeping the facility the way it is would be one way to help in that goal of making this a family friendly City. This facility, although it served primarily Golden Gateway residents when it opened, has about 70% of its membership who live other than in the Golden Gateway. A large number of that 70% are families who live all over the City. They come from the Richmond, the Sunset and I don't know if they come from Pacific Heights, but the point is that they come from those neighborhoods mainly with their children and although I don't have any children, I really enjoy coming there and seeing these families with their children in the pool learning how to swim and also children can come with their families and they don't have to belong to the club. They come and get lessons and learn how to swim. This is the only facility in the City of San Francisco that has two outdoor pools and is family friendly. One of the major problems with Mr. Snellgrove's proposal is that this facility will be down anywhere from 18 months to two years and all of those people will have no place to go. That's all I want to say. Thank you very much for your time. Oh, I do have a letter from Judith Robinson who was unable to come today. She is out of town and I will just give it to the secretary.

Monica St. Geme, a resident of the Golden Gate and a member of the Northeast Waterfront Advisory Group stated she is here this afternoon to ask you to consider the neighborhood and to consider the genius of the original plan of redevelopment that made this area a planned community. As others have said, this is a family community. This is open space, but it is not fowl open space. The green that we are looking at now is active daily with thousands of children every week or at least every month. In the summertime, it seems like there are thousands of children. If you have ever visited on an afternoon when the pool is full of children taking swimming lessons, tennis lessons, summer camp from 5:30 in the morning until late in the evening, until 10:00 in the evening, that area is totally utilized. Please consider this. It looks beautiful to see Jackson Street, to see the picture of Jackson Street opened up and going down to the Embarcadero, but what it would actually provide is a kind of a backyard for the 170 condominiums that will rise behind it. It will be a walkway. At present, there are two swimming pools over Jackson Street and there are tennis courts on either side. The limitation of tennis courts to six from nine will mean that that area is taken out of any opportunity for tournament play, which again provides citywide and area wide activity. So I ask you again, consider the neighborhood. And as Joe Wyman has said, let's plan for parking. Let's do a comprehensive plan. I think that is underway. I think Port staff has worked hard. I have heard reports over the last 3-5 years. They are still working hard and when we have a comprehensive plan, we can move logically. Thank you very much.

Eula Walters. You know what my answer is to any building on that open space. I am responsible for the Ferry Park open space that we have over there today. I worked hard and tirelessly for 11 years so that that would be open space. After it became open space and was dedicated, I decided it should be put to beneficial use, so I started having first an annual Easter Egg Hunt on Ferry Park and I want you to know you are all invited, everybody here, and I have the flyers. I am going

to give one to you and hope you will pass it down. It is from 1:00 to 4:00 PM this coming Sunday. We will have a bluegrass band to play for an hour, we will have a fiddle player who will be play for three hours if necessary. We will have a puppet show for the kids. We will have an entertainer who calls herself Harvey Rabbit. All these things will be happening this coming Sunday on Ferry Park and that's the grassy place open space across the street, which is between the Embarcadero Center and the Golden Gateway Center. I have lived there for 33 years. I swim every single day of my life.

Allan Brotsky a resident of the Golden Gateway Center as it is called referred to this development a Foo/Snellgrove Development because Mr. Foo, the managing partner of the Golden Gateway partnership is deeply involved in this entire development. I don't want to repeat any of the things that have been said by others. I speak here as an individual. I speak in opposition to the project for all the reasons that have been stated. I know the Commission has a difficult task. You have all these problems that you are trying to find a solution for and you're trying to get revenue for the Port and so you have a difficult task. By the way, Mike (Hardeman), I knew your dad and played tennis with him and we met once or twice. In any event, my point here is very simple. I heard your staff representative tell you about all of the regulatory obstacles that you face in getting this project approved. You've got local people, you've got the Bay Conservation and Development people, you've got the state people and you've got us. Now us is not only political opposition, I wanted you to know that there is a very good reason why all of these projects that have been proposed in the past have failed. They have been essentially faulty and legally faulty and it has not been necessary to take the developers to the mat on the legal questions, because they faltered for other meritorious reasons. But I think the Port should be aware, and you know what litigation means. It is not only expensive, it's time consuming, it delays a project and that's why I feel so strongly that you should consider an overall solution to the parking problem. This is essentially a parking project which will line the pockets of Mr. Foo and Mr. Snellgrove. But, I wanted the Commission to know that litigation is now being considered on the following issues: First, on the fact that any interference with this open space as it now exists is a breach of the covenants which accompanied the grant of the land to the developer at that time for much less than market rates. Secondly, litigation is being considered against the developer Mr. Foo. The developer Mr. Foo has avoided real property taxes through a mechanism which we now believe is legally faulty and which may well disqualify him as a developer for this project. And finally, we are also considering litigation on the issue of the failure of Mr. Foo to maintain the residential character of the high rise apartments which were a residential project of the Redevelopment Commission and which has been breached continuously and continues to be breached by his rental of the apartments to corporate entities, not residential entities. Thank you for your attention.

James Seff stated he was a resident of Block 1 of the Golden Gateway Commons, like his neighbor and friend Bob Geering. This is the first time I have seen this proposal. I listened to Mr. Snellgrove with great interest. You did a beautiful job, a beautiful presentation, but you haven't talked to the people who live in Block 1 sir, even though you asserted twice that you had talked to people in the Golden Gateway Commons. That's our block right there to the left, the red bricks and you can see the mass that Mr. Snellgrove's project proposes. It would take a wild leap of imagination to think that that's going to enhance the neighborhood. Yes, there's much that's good about the project I think and I reiterate Mr. Geering's comments, not necessarily on the aesthetic side. I am a lawyer, not an architect, so I wouldn't presume on the aesthetics. But, it would be I think very helpful if you could talk to us and listen to our concerns before building such an edifice. You have designed a big deal project here. You have spent a lot of money and time and to

now represent that you've spoken to the stakeholders as if that's a signoff. I think is a bit disingenuous, so I'm here through the commission to invite you Mr. Snellgrove, to contact Golden Gateway 1 Homeowners Association, the association most immediately effected by your project on the north side and come talk to us and hear our concerns. Initially, I would only say that if there is some way to take that big mauve mass and shrink it back some, you might not have as strenuous an opposition, and this is not a promise of course, then you would otherwise be likely to get from us and we are all terribly concerned about increased traffic and one thing that no one has mentioned so far. You know Davis Street stops at the Golden Gateway Commons at the tower and then it starts again on the other side of Washington Street. We are all very concerned that with the influx of all these new cars, the City is going to open that up and Davis Street which is presently pretty quiet, will become a thoroughfare taking traffic off of the Embarcadero. That would not be a good thing for the neighborhood. Thank you all very much for your attention.

Al Falchi, owner of the Waterfront Restaurant and a tenant for 36 years, has seen many changes on the waterfront. What I am primarily concerned about is the parking. I agree with Mr. Snellgrove we do need more parking. I have watched the parking across the street from me where the hotel was going to be built, that's full all the time. I have 12 spots for my valet and that's up to capacity. There were supposed to build I think a four story parking lot on Front and Broadway or Davis and Broadway. That won't transpire now because the hotel went down. Everybody says we should become like Sydney. Well that would be wonderful if the Muni ran on time and if it wasn't so expensive or if we had a subway like New York City. When I was president of the Restaurant Association, we tried to get more cabs on the street so people would be like New York and take a cab rather than drive. We are entitled to 1,500 cabs in this city and there are only 1,000 on the street because the unions will not allow them. On the other hand, you can go to the Hyatt Regency right now and there is 30 cabs parked in line, but if I call one at the restaurant, it is embarrassing to tell people sit down you are going to wait half-hour for a cab. So, we are in desperate need for parking and so I know a lot of people don't like the condominiums, but you can't have everything. We need desperately to have more parking because of the Ferry Building and when Piers 1 ½, 3 & 5 opens, it is going to generate more synergy, more people and we need the parking. That's all I have to say.

Mike DeNunzio, a resident of Golden Gateway Commons for 25 years now stated he also served three years as a City Commissioner on Aging and Adult Services appointed by Mayor Brown. I presently serve on the Mayor's Council to End Chronic Homelessness. As Port Commissioners, certainly you need no instruction from anyone about the significance of the doctrine of the public trust. It predates the Magna Carta, it goes back to Justinian. There is a question of trust here. We have a trust to the fact that 30% of the population of this city is either seniors or adults with disabilities. These facilities are essential for the recreation and therapy for adults and people with disabilities. Another underserved section of our city is youth and families These facilities again pay attention to the needs of youth and families. Again, we owe a trust for the open space that this was designed for originally. So, for these reasons, I ask you to give serious consideration to the voice that you are hearing today in opposition to this. Yes we need parking, but there needs to be a comprehensive plan for parking, and as Mr. Benkavitch said, this is a 20th century solution. We are in the 21st century and we have to look forward and I urge you to do so. Thank you.

NOVEMBER 13, 2007
PUBLIC COMMENT ON EXECUTIVE SESSION

Sue Hestor commented on Item 5A regarding the Commission's legal authority to have an executive session. She forgot to bring her copy of the government code section with her but she's read it. The Port has not entered into any exclusive negotiating relationship with anybody on this site. Every thing that the Port Commission does has to be done in public. The Port Commission can decide to go through a process and go to the Board of the Supervisors and not do bidding on the site but they can't jump to an assumption that they can do that legally. There's also a question in timing. There is a meeting in January on this site. What's the rush to do an executive session on it now? She has asked and is asking to have a City Attorney report on the legal authority. What is the jurisdiction? How can the Commission go into executive session for dealings with Mr. Snellgrove? He is a stranger to this site, legally. If he has exclusive negotiation rights, it's a mystery to her how he got them. What is the legal authority to talk about anything? It states that Byron Rhett is the negotiator. What authority does he have to negotiate on this site? This Commission has to go through the procedures outlined in the charter before they can get to the point of negotiating with anybody. The Commission has not done that. She asked that the Port's attorney say explicitly what authority the Commission has because she does not know of any.

Legal Counsel Robert Bryan disagreed with much of what Ms. Hestor has said. There is no requirement for competitive bidding as to City property although there is a strong policy in favor of it. The Commission has received a proposal from Mr. Snellgrove's company and thus is authorized to go into closed session to discuss negotiations with him on the basis of that proposa

December 11, 2007
Informational Presentation by San Francisco Waterfront Partners II, LLC on its 8 Washington Proposal including Seawall Lot 351 at Washington Street and The Embarcadero.

Lee Radner, Chair of Friends of the Golden Gateway (FOGG), indicated that earlier today, they heard kind and gracious words about Monique Moyer about Senator Carole Migden. It was her efforts on behalf of a number of groups including FOGG, Telegraph Hill, BCNA, SF Tomorrow that they maintain the public trust on the northeast waterfront lot. There was an agreement on this and they succeeded. They also commend Senator Migden for that. This particular author, they feel, flies in the face and the intent of the public trust. They will again discuss that at a later time. His only response to Mr. Snellgrove at this time is that these are not small groups. Thanks to him, they have added another 200 people to their list of mailing. They now stand at about 1500 supporters. If the Commission have studied the NOP that he received and you look at the size of those buildings that are proposed including on Lot 351, the openness and the spaciousness of the corridor of the Embarcadero would be gone forever. There are sites that will be lost. The neighborhood will be changed forever. He asked the Commission to seriously consider the kinds of actions that they will think about. There are alternatives for Lot 351 and they wish the Port to have the greatest success in developing financial benefits from that lot but not the kinds of buildings that Mr. Snellgrove is proposing.

Robert Mattacola, Carpenters Local 22, indicated that he is in favor of this stunning project, with the consideration of the open space and the parking that is provided for the Port as well as the affordable housing knowing how difficult housing is in the City at this time. He urged the Commission to consider this proposal in a favorable light.

Exhibit I
Public Comments at Port Commission Meetings
Regarding 8 Washington Project or Seawall Lot 351

Janet Griggs, CUESA (Ferry Plaza Farmers Market), spoke on behalf of the farmers and the farmers market. The farmers bring in their goods that they pack by hand and they don't intend to bring them back to their farms. They want to sell what they bring. In order to sell the most, we need to provide our shoppers with the ability to park their cars and load their cars and take the goods away. We look at this project even though it brings up the issue of the "P" word which is parking. That seems to affect everyone of the project that the Port is considering. It is important to consider what the options are for our shoppers. Although 54% of our shoppers come by car, we would like to encourage more shoppers to come by car because when they come by car, they buy more. Keep that in mind because we are protecting our farmers as well.

Michael Theriault, SF Building and Construction Trades, indicated that this is a handsome project. In its form, it's proposal with SWL 351, it will bring life to street level to Embarcadero with the restaurant that is proposed. In the same form, it will also take away parking from street level and put it where it belongs, out of sight. It will bring housing to the city and it will bring affordable housing to the City. It will open the Jackson Street view corridor. It has a great many positive to it. The negatives are few if any. If you glance south on the Embarcadero, you will see that buildings of this scale work very well with the Embarcadero and its current settings. Likewise, what he takes as a pseudo Gaelic look has some antecedent in the Audifred Building at Mission and the Embarcadero. We are interested in it for the jobs that it will bring now. The Port's interest and our true interest long term are on the jobs that it will help support on other parts of the waterfront, the maritime jobs, the jobs for building trades and ship repair. There is a financial benefit to be derived by the Port from this project. He thinks that the Port should work with SFWP to help them move forward.

Charley Lavery, Operating Engineers Local #3 representing heavy equipment operators and crane operators and construction testing engineers on public private projects, indicated that he is in favor of the 8 Washington Street Project. As an operating engineer, he's had an opportunity to work in many cities and countries around the world. He has made San Francisco home during the past 15 years. During that time, he's seen the steady beautification of the neighborhoods. He believes that this project continues that trend and joins the dots of positive development along the waterfront, providing housing including low income housing, improved parking for the waterfront as well as provide jobs for construction workers who live in the City. He urged the Commission to support this project.

John A. Rocha, Ironworkers Local #377 business agent, indicated that they are in support of SWL 351 and 8 Washington Street proposal. A lot of people in the audience remember the Loma Prieta earthquake. Before that, the ugly Embarcadero freeway. The waterfront now has definitely improved. This is a good mixed use of affordable housing, open space and recreational use. On behalf of his membership, they support this project.

Tim Colen, SF Housing Action Coalition Executive Director, indicated that on behalf of their 68-member organization, they've seen this project before and strongly supports the proposed land use at this site. It's early to be talking about the details of this project but they like what they've seen about it. He's also representing Livable City and the SF Bicycle Coalition who couldn't be here and also support the proposed uses of this site. In particular, one of the things they liked about it is uniting the city with the waterfront which meets the goals of the Port's WLUP. They are excited about the possibility of activating the street use and the streets around it and especially opening Jackson Street. This is a terrific opportunity if Lot 351 is developed with the project. He can't emphasized enough the affordable housing that goes with this project, how desperately

needed it is. In the process that led to, specifically about the northern waterfront seawall lots, we view with alarm some of the proposals they've heard that somehow these lots should be zoned to 40 feet which seems like the backdoor way that they should remain preserved as parking lots, which they think is indefensible. This is some of the most valuable and scenic lands in the United States. The Port, with its financial condition, if it's going to address it, needs to realize the economic potential this extremely viable land. In order for that to happen, the City of San Francisco is going to have to find the courage to say that if it's not defensible to use these lots as surface parking lots, they have to use larger interests of the Port and City of San Francisco. We believe this is an excellent project and we hope that the Port Commission look at it favorably.

Jamie Addington supports the project. As a **North Beach resident**, she sees the waterfront as her backyard. She frequents the Ferry Building and the farmer's market. Her father is also a resident and unfortunately cannot attend today's meeting but he is in support of this project. Her family understands the need for maintaining recreation space for the neighborhood and it's possible to have a combination of uses suitable for this urban waterfront neighborhood, especially if we balance between public access, recreation space and mixed-use development which the 8 Washington Street project appears to accomplish. As neighbors and stakeholders, we embrace this change and look forward to further development in this community. She urged the Port Commission and staff to move forward with this project.

Russell Jackson, a local **chef and a restaurateur** and a regular **patron of the ferry plaza**, indicated that parking is one of the most challenging and prohibitive elements of shopping and visiting this neighborhood. On a regular basis, at least two or three times a week, he comes to the market. He would like to drive his car, park it and quickly be able to get in and out of the ferry market plaza. In order to maintain a vibrant neighborhood, they also feel that they need a farmer's market that is successful, productive, evolving and thriving. He supports the 8 Washington Street project. The market cannot survive with tourists alone. They want this market to become not only a tourist destination but a neighborhood and local destination. The market needs centralized, convenient parking. This neighborhood will continue to flourish as a result of the additional residents and restaurants, cafes in the neighborhood. He urged the Commission to move forward with this project.

Jim Salinas, Sr. Carpenters Union, indicated that he represents approximately 4000 workers that make up Local Union 22, a 125-year old labor organization in San Francisco. They are very concerned for their member's future and San Franciscans as a whole. He was fortunate in 1967 to enter an apprenticeship program. As a result, he got to buy a home and raise four kids in the Mission district. We are watching African American families and Latino families leaving the City because there is a housing crisis in this city. It's getting harder and harder to live here. As a result of this project, you will be adding to the housing. As a result of this project, the minimum fees will help families who earn $40,000 to have a housing that we are all looking for. The Port Commission has that vision in the past and the leadership the Commission has shown. The Commission can help move this project forward. It's a project that would be beneficial to the City. He asked for that vision and leadership again from the Commission.

Christy McRoskey indicated that she supports the 8 Washington Street project. She is a **shopper at the Ferry Building**. She's lived in the City for about ten years. When she first moved here, there's nothing going on at the Embarcadero. The Ferry Building was the first project that she saw life. The Piers 1½, 3 and 5 project was also going to bring in a lot of life. She is a **member of the Golden Gate Tennis Club.** She urged the Commission to move forward with this project.

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Public Comments at Port Commission Meetings
Regarding 8 Washington Project or Seawall Lot 351

Anne Halsted, former Port Commissioner and currently on the Metropolitan Transportation Commission and BCDC, spoke on behalf of **Wells Whitney** and **Flicka McGurrin**. Mr. Whitney's organization, **Renew SF**, is in support of this project. Flicka McGurrin of **Pier 23** asked her to say that we should not chase good developers away. She urged the Commission to continue to work on this project. From her perspective, she feels she has been around the block on this for many years. She was one of the primary advocates of creating Pier 7 as an open space in the late 1970's, early 1980's. When we finally got that done, after years of work and had to take down the old pier, we removed a lot of parking. She was really nervous when we created public access. She served on the committee that did the RFP for the Ferry Building. They were relying on parking being under the lot where the park is now. They've never been able to put that in. There have been a number of projects that have moved ahead and they've not added the parking to take care of the retail needs. When the Ferry Building opened, the only way they got the market to work was by getting the other lots committed at the very last moment for validated parking. Those are short time uses. She feels strongly that this location is a very good location for both the parking for those existing uses and for more housing. In her role at MTC, she's come to understand that we're going to be seeing more growth in San Francisco as well as in the region. We are going to have to accommodate more people. Those people need to be accommodated in places near transit. We already have a huge infrastructure investment in transit on the Embarcadero and adjacent places. This is an ideal place for more density. She thinks that the Port Commission should proceed. It would be a shame to take the lot separately. When 8 Washington was first proposed, it was a separate proposal and it didn't make any sense to do it separately. This is the only way you can get the parking needs at the Port. The project as it's moving ahead, the developer has been interested in the public benefits and we should encourage that. The project would be a great asset to San Francisco.

Brad McCrea, BCDC, indicated that SWL 351 is outside of BCDC's jurisdiction. In the spirit of informational briefing, his comments are on Pier ½. As you think about parking in this area, he reminded the Port Commission that the San Francisco Special Area Plan requires that you have to remove the pier when phase 2 of the downtown ferry terminal is realized. The goal of removing the pier is to create a "new water" as a public benefit identified in the plan. When the downtown ferry terminal phase 2 comes along, Pier ½ is expected and required to be removed.

Jane Connors, a property manager at the Ferry Building, indicated that one of their retail tenants are very concerned about parking and one of them, Ferry Building Wine Merchants, has requested that she read a letter they wrote to the Commissioners, Monique Moyer and Aaron Peskin. The letter is from **Silas Carlton**. It states: "As **a tenant of the Ferry Building**, I would like to express my support for San Francisco Waterfront Partners' 8 Washington Street project. I have reviewed the proposal for the new development at 8 Washington Street and I find that it would greatly enhance our neighborhood. Not only would it provide necessary parking for the neighborhood and our customers, I believe having additional cafes, restaurants and other retail would truly anchor this waterfront as a neighborhood showcasing some of the best that San Francisco has to offer. The underground parking concept in itself greatly simplifies the daily confusion created for our customers who are driving to visit us. In fact earlier today, I learned that the parking immediately behind the Ferry Building and behind Sinbad's restaurant has been eliminated for tenants of the building, further impacting the already crowded lots nearby. We strive to make things easier for our customers, not more difficult, and the additional parking does just that. The fact that it will remain underground and not tarnishing the surrounding views is a wonderful bonus and a terrific accomplishment that I think this neighborhood demands

Furthermore, the additional artisan cafes, restaurants, retail and condominiums will only strengthen the draw of a neighborhood such as ours. As demonstrated by our weekly farmers markets, our neighborhood only becomes more desirable and more of a destination for our local customers when there are more exciting reasons to visit, and more places to park. Another factor that the project enhances is the safety created by a property busy with people interacting on the street front. In her book, "The Death and Life of Great American Cities," urban planner Jane Jacobs describes the safety created by having "eyes on the street," and this project will do just that: foster safety and a sense of community in the neighborhood with increased bustling activity from its patrons and residents. I truly believe this project is a welcome addition for our community. It does not simply provide an answer to our ever increasing parking problems, it creates an environment for residents and patrons alike to maintain safety and to participate in and enhance the synergy and viability of this neighborhood."

Ernestine Weiss indicated that nobody mentioned that this is a luxury condo development. This is not an average housing complex. We don't need another luxury condo in this area. There are thousands of them all around. We don't need a 500-car garage at a busy intersection at Washington and Embarcadero. We have Pier 27 project going up. We have the Exploratorium project going up. The cruise terminal that cannot be used for housing must be used for cruise ships. This proposal is ridiculous. Farmer's Market has plenty of parking on Embarcadero 4. Their business is mostly on Saturdays. On Saturdays, there's empty garage at Embarcadero 4. This is a bad idea. This is not excellence – we have to have a balance. We need open space which she fought hard for with the ferry park. That was smart planning. Life on the Embarcadero? There's more life now than ever was. Restaurants – the Embarcadero buildings are losing restaurants left and right. We don't need any more restaurants. The design of the buildings is just beneath the Golden Gateway Commons windows. Garbage bin collected – they didn't move her to see garbage underneath their window. The influx of people here is big enough. There's enough traffic on the Embarcadero that we can accommodate. Why do we need to build a 500-car garage? She defeated the garage proposed underneath the ferry plaza for that very reason. There will be a queue all around Drumm Street and the Embarcadero. Talk about smart planning. We like change but we like smart change, not this kind of stuff. She voted for Piers 1½, 3 and 5. That was a smart thing to do. She worked on the Giants ballpark. However, this is an insane and ridiculous project.

Broc Stephens, Club Manager of Western Athletic Clubs, indicated that Western Athletic Clubs is looking forward to the proposed changes and improvements to the club that they operate at the corner of Drumm and Washington at Golden Gateway Tennis and Swim Club. Although there will be considerable disruptions and interruptions of their operation while the site is being developed, they feel that in the end, their company will have a great club, will be able to operate at the same quality standards in program and services that they are known for. They have had a good working relationship with the developer in the planning and the design of the future club. They feel confident that the finish product will be an improvement to the club and its members.

Mary Murphy, Gibson Dunn and Crutcher, indicated that their firm represents San Francisco Waterfront Partners. On behalf of another client of theirs, **Wilson Meany Sullivan**, who is the **developer of the Ferry Building**, she also worked on the Ferry Building with them. She also worked on the Piers 1½, 3 and 5 project. **Chris Meany** asked her to read a letter into the record. It states: "I am sorry I cannot be present to speak in person at this afternoon's hearing, but I am in New York on business. Thank you for considering this letter as my testimony. As some of you know, my prior firm, Wilson Meany, developed the Ferry Building in a joint venture with Wilson

Equity Office. Our goal for the public floor of the Ferry Building was to create a home for the unique food community of the Bay Area – a place that would bring sustainable agriculture to both locals and out of town visitors. The success of the Ferry Building's merchants depends on attracting a loyal following of customers: families and individuals who can purchase significant amounts of food on a recurring basis. Those customers sometimes need a car to transport the weight and bulk of a big food purchase, and therefore, somewhere to park that car for a short time while shopping. Transit-first policies do not preclude aggregated parking pools to service retail districts. Even in a transit rich environment, certain activities, like a family's weekly food shopping, sometimes require the use of cars. I urge you to balance transit-first policies with the needs of our community's families. Please maintain the parking supply in the Ferry Building area that is so vital to its ability to meet its ambitious community goals. Currently the parking provided the Ferry Building under the contracts we negotiated with the Port is scattered across several lots. Some of the necessary parking is located on piers that are slated to be removed by agreements with BCDC. Maintaining that parking supply is critical; consolidating it would be beneficial. We support the concept of a parking garage at 8 Washington and look forward to working with the Port and San Francisco Waterfront Partners to insure that the garage proposed for that site has appropriate short term retail parking rates, an adequate number of stalls and appropriate access and to uninterrupted parking during construction. 8 Washington has the potential to solve a critical problem for the Port and the businesses in the Ferry Building subarea by creating an underground garage to serve the public."

Ms. Murphy added that having worked on the development of the Ferry Building, how difficult it was to get that project approved. She remembered the night that they presented their schematic design to the Port Commission; there were many people in the room because the cruise terminal project was being heard that night. When they finished, people applauded. This is a great project and all great projects needs this opposition.

Susan Harris, resident of Golden Gateway Center, gave her support of this project.

Jim Chappel, President of SPUR, indicated that SPUR has been involved in the waterfront for almost 50 years. In August, they published a major report that most people read documenting, among other things, the very serious structural deficit the Port faces. The Port must make economic use of its resources, in this case, land. Good planning also demands that you make proper use of those resources. Millions of dollars in public money and private money have been spent on rebuilding the Embarcadero and the F-Line. The Ferry Building, Pier 1, Piers 1½, 3 and 5 are all magnificent new development shepherded through the Port. The waterfront like many 19th century districts everywhere is hampered by inefficient lot patterns. There is good use of the land over here with one out holding and that is Lot 351. Keeping this out holding makes no sense. Good planning demands that it be merged for any perspective use of those lots. Merging it will also create the highest, economic value for the Port. A leftover lot 351 would never generate the kind of revenues, the kind of values once surrounded parcels are built. Now is the time to maximize the economic return to the Port but it will also maximize the urban design value of the project and it will maximize neighborhood identity. The Embarcadero seawall is a linear feature. The Embarcadero roadway and the F-Line are linear features. The goal needs to be to enhance the continuity of land uses by merging this all into one parcel. He hopes that the Port do not lose this opportunity because once the opportunity is gone, it's gone forever. We all know a history of spite lots. It never works. It's always a bad thing for the whole community. Today, we know this is simply an informational item. He hopes that when this item comes back for a decision, that the Port will vote favorably on the merger of lots. In the future, the Commission will be called to

review many details of any specific development proposal and deciding to merge the lots when it comes up for decision will not preclude many other decisions that the Commission will have to make.

JANUARY 15, 2008
Comments on Agenda Setting

Ernestine Weiss indicated that she's had an experience with an underground garage onFerry Park many years ago. She defeated it because it was not the right place for it. Accessibility was crazy. Queuing of cars would be backed up down the south of market and beyond. On Embarcadero, you couldn't queue up cars. The same thing exists today.Washington Street is the worst place possible to have a garage. It's busy enough as an intersection. It's not 350 spaces, it's 520 spaces. It's not going to happen because they are going to have a parking study. She guarantees that it will not happen. It's impossible to build one at that corner. Piers 27-31 is going up, the Exploratorium, the Giants 2000 car spaces they are requesting. There will be no places for these cars. You have to come up with a shuttle program to take people down to Embarcadero. Everybody wants the ferry park because it's accessible to public transportation. We don't need 520-car garage.

FEBRUARY 12, 2008
Informational Presentation on development opportunities for Seawall Lot 351

Ernestine Weiss indicated that this is the worst kind of proposal that the Port could ever consider, especially in this corner. This is all wrong for the fact that we don't need condominiums. There are thousands of them in the immediate area and more to come. This is the last thing we need at the Port. As far as attracting people to the waterfront area, there are thousands of people who come to this area. If you look at the topography of Vancouver, it's beautiful. That's what we should be looking like. They have a gorgeous park on the waterfront and similarly they have residential buildings like the Golden Gateway Center. Everything is open. That's what we should be copying, not putting more unnecessary buildings on the waterfront that will look ugly. They want to keep the area open. The club has been there for 40 years. It's used by people from all over the city and it's needed. We don't need condos on the waterfront. We need a development that is beautiful and attractive to San Francisco. Carol Parlette, Barbary Coast Neighborhood Association, indicated that this is a jewel of a spot. We need to give it our best and brightest attention. She agrees with staff's recommendation to go out to bid and see what's out there. Obviously, it won't be fiscally prudent to turn it into parking but it would be a great thing for the neighborhood. She reiterated and commended the Port for saying that the community needs to be involved in developing the RFP and the development criteria. They hope to be a part of that.

Tim Colen, Executive Director **SF Housing Action Coalition**, indicated that they support the project that has been proposed. He drew attention to what the existing use of lot SWL 351 is, a surface parking, on some of the most beautiful, valuable land in North America. San Francisco is very good at doing plans. The Waterfront Land Use Plan has been produced and updated subsequently. It has great pictures and spiffy diagrams and common sense, uncontroversial language about the uses of the waterfront. Unfortunately, San Francisco is not so good in adopting them and putting them into action. It's time to move forward. If you're going to maximize the value of this land, you have to figure a way that's going to put SWL 351 into a

higher and better use. One of the other things that concern them is the idea that we need more planning and the height on the waterfront. With due respect to Ms. Weiss's view of urban design, he thinks that the direction this is going is just what the city needs, open up the waterfront. Make it more attractive to pedestrians, which this location is not right now. The arguments on 44 foot height limits are backdoor way of saying let's preserve it as surface parking lots. That's what we want. That's a terrible indefensible use of this land. There are several lots on the waterfront. This is valuable land; it's in the Port's financial interest to put it in better use. The Port should start moving on it. This is an excellent proposal. It is not perfect. Parking needs to be looked at. The climate has changed since 2000. This is a sensible way to start. If the City cannot address the question of 44 foot height limit for surface parking lots, it will remain that way. He urged the Commission to move as quickly as it can.

Francisco da Costa indicated that one of the things we have to pay attention is the infrastructure. The Commission heard about the huge sewer pipe located on this lot and the impact of working around it. Several comments have been made and even though we have some sort of a plan, in 2008, we need to look at things completely different. When those plans were made, there was no notion of global warming. When those plans were made, people were not talking about green and zero emissions of carbon. We need to pay attention to that. We need to listen to our elders. They might not be planners or engineers but they have the experience. In 2008, we need to take a holistic approach. Let us not have too many buildings on the waterfront. This is public trust land. He represents the first people. In 90 days, the Muwekma Ohlone will be put on the Federal Register as a nation. They will be approaching certain entities including the Port to discuss about how they have used their land and to discuss and bring to their attention whether it is right to respect mother earth or go on and become greedy, full of materialism and destroy quality of life issues. The Commission heard the presentation about the museum that will help our children and the Commission hears stuff like this that will bring more pollution.

Jim Chapell, President of SPUR, indicated that the citizens of San Francisco have a Waterfront Land Use Plan (WLUP). The Port Commission has a WLUP that was developed with hundreds of thousands of hours of citizens' time. For this portion of the waterfront, that plan is current and appropriate and calls on the Port to explore combining SWL 351 with the adjacent residential site. This is good planning. There is no reason to look at a new plan for this area. Issuing an RFP is not changing the vision for the area. It would be a fulfillment of the existing WLUP. An RFP would give the Port the control it needs to maximize the highest and best use of this site. Therefore, they support moving forward with the RFP process as proposed by staff as quickly as practicable.

Exhibit J

Summary of April 14, 2008
Seawall Lot 351 Community Workshop

On Monday evening April 14, 2008, the Port held a workshop to discuss potential development criteria for SWL 351. This workshop was well publicized for six weeks prior including mailing or distributing over 1,000 postcards, notifying Ferry Building and Agriculture Building tenants, including in the CUESA newsletter, the Barbary Coast News, emails to the Port's Northeast Waterfront Advisory Committee and its notice list, and several announcements at the Port Commission meeting and Agendas. Golden Gateway Swim and Tennis Club emailed its members and the "Friends of Golden Gateway" emailed their list and announced on their website.

Over 100 people attended the workshop which was standing room only in the Port Commission Hearing Room. Staff polled the room and it appeared over 80% of the attendees identified as members of the Golden Gate Swim and Tennis Club. Most attendees also lived very proximate to SWL 351 in the neighboring residential areas.

Staff provided an overview presentation on the project and then asked the attendees to break into nine groups to facilitate discussion. The small group format was designed to allow for as much discussion and to hear as many ideas as possible. Groups were not asked to reach consensus or agreement. After the group discussions, a member of each group reported back and additional questions and discussion occurred.

The groups were asked to focus on three themes: the uses desired on the site, the form of a potential new development, and how the site should connect to and benefit the greater waterfront. As good discussion often does, several other themes emerged from the evening.

Open Space Desired

Many people expressed interest in making SWL 351 a park or open space. Specific requests included: gardens, tot lot, merging with Pier 3 to create a sports and health center with showers. There was interest in concessions or other uses to support a park use.

There were ideas of greening the top of a parking structure either below ground or low rise to provide a park and parking. The type of plazas and open space included in the Levi Plaza development was cited by several people.

Although there was very strong support for park use, there was little discussion about how SWL 351 as a park would provide a different type of recreation experience than the existing parks in the area.

Port Revenue Needs

Many questioned if this site should be developed or generate revenue.

Summary of April 14, 2008
Seawall Lot 351 Community Workshop

Preservation of the Golden Gate Swim and Tennis Club

Although the site is not part of the existing club, the attendees of the meeting were very concerned about the potential loss of the club and perceived any development on SWL 351 as a threat to the club. Potential loss of open air pools was mentioned by several attendees. Shadows on the club from buildings on SWL 351 were a concern.

There were suggestions to expand the Club to include SWL 351 in the private facility. Others suggested adding public tennis courts on SWL 351.

Some raised concerns about the legality of any redevelopment of the Club site.

Concerns about Timing of Project

Many questioned why the Port was considering this site at this time and how this consideration relates to the proposed 8 Washington Project involving the Club site.

Specifically, people questioned why this was being considered prior to action on an Environmental Impact Report on the project.

Although many question the timing and pace of the Port's consideration of the reuse of SWL 351, there were not specific requests for additional information to formulate opinions. A few attendees at this meeting expressed interest in reaching a consensus about a different nature of project – however, most supported either the status quo or an open space project.

Form of Development

Height was the predominate concern expressed about the development on this site. Very strong concerns were expressed regarding the existing 84 foot height limit being out of scale and blocking views. After no development, the most common suggestion was 3 to 4 stories. There were a few who support a transparent and tall slender structure.

Concerns were expressed about building over the Jackson Street sewer. There was interest in the opportunity to reopen Jackson Street; other felt that would displace tennis courts.

Discussion on the view from the Ferry Building and the Embarcadero up to Coit Tower and Telegraph Hill included concern that a building on this site would block that connection. Calls to respect the view to the Bay Bridge from the neighboring hills were made.

Summary of April 14, 2008
Seawall Lot 351 Community Workshop

There were differing views on whether development on the landside of the Embarcadero should mirror the Pier Bulk head building form and meet the sidewalk. Some wanted to bring the city to the waterfront; others felt setbacks were better.

Some expressed that developing the site combined with the adjacent site offered more opportunity. Others felt developing SWL 351 alone avoided risk and complications.

Land Uses Desired

Beyond the dominate support for open space, there was less concern about the uses in a new building on the site. Many voiced interesting creating vitality and pedestrian interest at the ground floor. There was interest in very low rise construction like the Fog City Diner.

There was some support for a boutique hotel use, residential, including senior housing, and cultural uses like museums.

Recognition that increased population from the project would support the Ferry Building and greater waterfront merchants.

Parking

Attendees expressed that the walking times on the parking maps were conservative and that the existing garages were close enough to serve the Ferry Building and Farmers Market. Shuttles to area garages or the parking at Piers 30/32 were suggested.

Others expressed support for continued, or expanded parking, at the site recognizing it is an important adjunct to the Ferry Building and Farmers Market.

Underground parking with open space at grade was suggested.

A suggestion was made to explore how to allow share used of the residential parking at the Golden Gateway Commons and Golden Gateway Apartments to serve area visitors during the week day.

The proximity of this site to transit was identified and suggestions were made to strengthen MUNI service rather than encourage driving by providing parking.

There was limited discussion of the planned closure of Pier 1/2 and how that will displace proximate parking to the Ferry Building.

Exhibit K
Public Comment Received on Seawall 351 Project as of May 21, 2008

Name/Date	Comment
Leah Doyle 3/20/2008	Public comment is awkward as this is such a community divisive issue.
Liz Doyle 4/11/2008	I favor combining the health club in the project otherwise a large building built on 351 over shadowing the swimming pools would be a disaster. Using the lot as just a restaurant will not work because of the competition of restaurants with water views. An absolute no on a storied parking garage.
4/11/2008 Jack Doyle	I oppose any development of the site. The parking lot not only serves patrons of the Ferry Building and Farmers' Market, it is also low and open in area that should remain that way. It would be too jarring a contrast to have the sweeping lawn and vistas on the other side of Washington literally hit a brick wall. Didn't we tear down the elevated freeway to open up these views and to create a more human scale environment? Don't let greed take over. Enough damage has already been done next to the fire boat house where what was once open and uncluttered is now being filled in with overpriced view-blocking restaurants and a ridiculous "Cupid's Bow" that blocks what was a grand view of the nicely restored Ferry Building as you round the bend of the Embarcadero. Enough!
Stan Roman 4/14/2008	I am a thirty-year SF resident and have been an active member of the Golden Gateway Tennis and Swim Club for thirteen years. I strongly oppose the proposed condo project for numerous reasons, including: (a) the huge building will be a disaster from an aesthetic point of view, and will close up the waterfront rather than having it open and airy; (b)the development will destroy the rare treasure of a ground-level, open air tennis and swim club enjoyed by generations and, after years of construction, stick a lousy version up on a roof; and (c) I hazard to say if you were to ask SF residents if they would be in favor of a big condo project going up on this site, they would almost universally say no (so I think you would be making a decision that the people of SF do not want you to make). You have largely done a beautiful job with the waterfront since the freeway came down. Don't go the other direction by sticking huge condos right along the Embarcadero. Thank you for considering my views.
Joyce G. Kern 4/14/2008	There was no sunshine in this area when the freeway stood. It has become a lovely and lively area for those who live here and who visit. There has been overscaled development proposed for this lot since I moved here in 1983. To permit this latest iteration would be to close off and box in the vista that now exists. Each proposal has been out of scale for this site and would limit the pleasures that we now all receive to the few who will live there. Also, I note a new generation of young people now use the GG tennis club. It would be lovely to see this affordable facility service generations to come. Thank you for your time and consideration. It would be nice to see something along the lines of what FOGG has proposed, the scale, height and design are very much in conformity with the Embarcadero/Ferry Building side of the street.
Lori Regis Boulettes Larder 4/15/2008	I am a tenant at the Ferry Building and a member of the Golden Gate Tennis and Swim Club. I am concerned about the negative impacts of the Seawall Project in relationship to parking and diminishing the size of the Club. Tenants at the Ferry Building have invested an enormous amount of private equity and have short term leases in which to return such sizable investments. Any interruption to traffic, short term parking and overall access to the Ferry Building is inconceivable when customers already complain about the difficulties of shopping at the Ferry Building. I appreciate your thoughtful consideration.
Connie Hazel 4/15/2008	Your meeting last night (4/14/08) was well planned and efficient. Congratulations. I wonder, though, how pertinent it is to ponder what to put on SWL 351 without considering income-generation for the Port. "Open Space," "Parks," "leave it as it is" ideas appear lacking in economic sense.

Exhibit K
Public Comment Received on Seawall 351 Project as of May 21, 2008

Tim Colen 4/15/08 (direct email to KDiohep)	You're to be commended for the job you did yesterday. I'm not sure how this plays out. given the heavy opposition in the room, but I hope reason will prevail. Preserving that lot's use as a parking lot is intolerable.
Janice Miller 4/16/08 (direct email to KDiohep)	I am a very concerned member of the community who uses Golden Gateway Tennis & Swim. Don't you think that we've destroyed enough waterfront property in SF with the development of the all those condominiums all along the southern Embarcadero? Don't you think that with the development of more condominiums where Mr. Snellgrove proposes to take away all that open space that the community uses - is a breach of public trust - that land will be managed for the benefit of the community? Don't you think that we know that special favors made to developers have been long taken advantage of in this city and this is just one more case of it? Don't you think that we know that this development project benefits Mr. Snellgrove at the expense of thousands of people? Knowing all this, why would you support the destruction of open space used by thousands of people to benefit a select few? Does this have to be business as usual?
Eric Nath 4/17/08 (Email to Commission President Brandon)	You may recall that we spoke briefly on Monday night prior to the breakout sessions concerning Seawall Lot 351. I just wanted to write this brief follow-up to recap what we discussed. If you wish to share this with the other Commissioners I would not object! While the issues of the fates of Seawall Lot 351 and the Golden Gateway Tennis and Swim Club theoretically could be considered separately, the reality is that if Seawall Lot 351 is removed from the Public Trust and put out to bid for the highest price it will surely be a death knell for the Club and an assured loss of much needed public open space in the dramatically and rapidly densifying San Francisco downtown. While I have a personal and selfish interest in seeing the club survive, it is not just for my own sake that I am concerned. This open space and recreation opportunity is a rare, precious gem that ought to persist for everyone, and their grandchildren as well. Taking the long view, the Club (and potentially the adjacent Lot351) is truly an oasis in the middle of an increasingly developed, crowded city. As open recreation / park space these two sites, if tied together with sensitivity, could return truly priceless emotional, societal and environmental benefits to our culture and the City of San Francisco. If they are developed the way Mr. Snellgrove envisions, however, these benefits for us as a society will be lost forever. The question I put to you is: can the highest and best use of this lot be measured in something other than dollars and cents? What are the external costs to the people of our City (indeed to the people of the World, given our preeminence as a tourist destination) that you know as well as I will never be incorporated into a developer's proposal? How could the developer possibly compensate us, the public, for the loss of truly priceless common goods in the form of aesthetics, light, open space, and opportunities for health and well being through exercise within walking distance of such dense residential and employment centers? You as President, and the Port Commission as a whole, have an opportunity to exercise leadership and foresight for which the citizens of the City of San Francisco will be forever grateful. I realize that you have a fiduciary duty to consider the income that could be gained from a sale or long-term lease of Seawall Lot 351. However, I don't think that having such a duty necessarily leads to the conclusion that money trumps all else. It seems to me that there is an equal duty to consider other matters with regard to Seawall Lot 351 which may be, in the long run, more important than money. Surely the Port has opportunities to convert other, less critically important assets, into the income it needs.

Exhibit K
Public Comment Received on Seawall 351 Project as of May 21, 2008

	When dealing with the public's property and the public's best interests, the highest and best use is not necessarily that for which a private party will pay the most. In fact, the two are often in opposition, and I think that is certainly the case here. From a public good perspective, I would suggest that Seawall Lot 351 be made into public open space - a well-designed park would be ideal. For pedestrians, much could be done to tie this lot into the Ferry Park across Washington, including a better design of Ferry Park that would be more inviting (although I realize this is not in your jurisdiction). I would welcome your questions, or an opportunity to elaborate, if you are interested. Again, it was a great pleasure speaking with you Monday evening, because I think you really do "get it".
Steve Castleberry, WETA	See letter attached dated 4/23/2008 to Monique Moyer
Derek Lemke-von Ammon 4/26/08	I participated in the recent public hearing and wanted to reiterate my support for development of Seawall 351 as a mixed condominium/retail project that would also incorporate the Golden Gateway Tennis Club and parking for visitors to the Ferry Building. I think that more housing downtown can help reduce traffic congestion and parking issues as people can walk to various businesses downtown. I also think that having more full time residents downtown will create a more viable customer base for Ferry Building merchants and local restaurants. I understand that GG Tennis Club members are anxious about any development and would be inconvenienced by a period of construction. Nonetheless, the trade offs for the community are well worth it. The Port has done a marvelous job renovating the Pier areas and the Embarcadero. By including Seawall lot 351 in the development project the Port will be able to capture revenue from an awkward lot and influence the development so that offices at the Piers and the Ferry Building can be supported with additional parking.
Janet Griggs CUESA	See letter attached dated 4/30/2008 to Port Commission and Monique Moyer. Center for Urban Education about Sustainable Agriculture (CUESA) operates the Ferry Building Farmers Market.
Alec Bash 5/3/08 (Direct email to KDiohep)	One insight is that if we want a boulevard with both sides activated, we have virtually nothing on the land side doing this between the Ferry Building and Fisherman's Wharf. Some thoughts after hearing everything: - I think matching bulkhead building heights is the most possible on SWL 351, given its narrowness. - Opening a Jackson St corridor makes sense. - Build on the idea of rooftop parks which capture views out to the water better than at ground level. - Figure out how Port would compare RFP responses which do and do not include the Tennis club so as to get an apples to apple comparison, which will help respond to any claims that this is just a charade for Snellgrove's project. - Allow parking but do not require it. Lots of tennis club people there, you did a good job deflecting the inappropriate suggestion that there be a vote then and there.
Elke Hofer-Rudroff Verne D. Finks (direct email to KDiohep, cc Mayor Newsom) 4/20/08	Some of the Port's proposals presented at the workshop on Monday, April 14 are counterproductive to the City's intentions to be a green city, besides being an irrevocable transfer of Public Trust open space into less desirable uses. Any buildings of whatever size on Seawall Lot 351 or adjourning lots will forever change for the worse the character of the Ferry Building/Embarcadero space The City is on record as favoring the use of public transportation Why then a gigantic parking lot in an already overcrowded area? Do we want another Fischerman's Wharf/Pier 39 scene there? No need for more hotels, restaurants and cafes in this area Those here fail quite

	regularly (McArthur Park, Myth, Scott Howard and Harbor Village, just to name a few recent failures). It certainly lacks logic and visionary thinking to sell or lease Public Trust land solely to generate one time income by way of loss of open space. Any poll among the residents of San Francisco would prove that the vast majority would favor retention of this lot as open space.
Tim Geraci (direct email to KDiohep, cc MMoyer) 4/20/08	I attend some of the meetings relative to Seawall Lot 351. Because of, in my opinion, your demeanor, comments, and lack of objectivity, I was under the impression that you were an agent for or in the employ of the developer of the Washington Street Project. One can only imagine my chagrin when it was explained to me, on April 14, that you are an employee of the Port of San Francisco. I can only suggest that you seek re-assignment to another department, where you will not become emotionally attached to one position. You constantly repeat the idea that Seawall 351 and the Washington St. project are somehow joined at the hip and something must be decided now. Nothing could be further from the truth. It seems that the developer needs that 2/3 of an acre in order to make his project a huge financial success. It appears that the developer "lusts" after Seawall Lot 351 and wishes his desires fulfilled as soon as The Port can acquiesce. If you elect to stay in your current position, I suggest you re-read your job description. In a later epistle, we may discuss conflicts of interest. Have a good week.
Lloyd Root 4/24/08 (Email to Port Webmaster)	Are you going to report the results of the 10 discussion groups concerning SW Lot #351? We were led to believe those of us that left an e-mail address would be notified. The last three or four group directors did not have much opportunity to share our suggestions due to a lack of time. While we appreciate your trying to keep within the time limits, we are expecting more detailed information from you.
Sue Hestor 4/28/08 (Letter to KDiohep)	The Port workshop on SWL 351 was on April 14. The following day newspapers reported on a FEMA report showing the areas surrounding San Francisco Bay which are subject to flooding with new projections of a one meter sea level rise. Port property along the northern waterfront is close to the level of the Bay. The seawall LITERALLY runs underground and parallel to The Embarcadero through Seawall Lot 351. That lot was created when the bay was filled in. It is my understanding that there is still tidal action under the surface of that lot. It is certain that the water table is already very close to the surface of the lot. When there are heavy rains, water cannot seep into the lot but backs up into deep puddles. **I request that the Port add into the issues that must be addressed in a decision on issuing a RFP for SWL 351 the relationship of any proposed project to a MINIMUM one meter rise in the level of the Bay.** Mr. Snellgrove proposes to demolish the historic seawall to accommodate his 3-level underground garage. It has been explained that the garage foundation will be built like a "tub" to float on the underground water. Water which is displaced does not disappear, but goes elsewhere. In this case Port and non-Port adjacent properties could be affected. If the Port Commission votes to request proposals pursuant to an RFP, the full range of issues relating to the rising water table and the one meter rise of the Bay should be addressed from the very start. At the April 14 workshop you stated that the staff report on SWL 351 will be available several (working) days before the Commission meeting on Tuesday, May 27 Since many people will leave the City before May 23 for the Monday, May 26 Memorial Day holiday, it would help public review of the report if it is available by Monday, May 19 if at all possible.

Exhibit K
Public Comment Received on Seawall 351 Project as of May 21, 2008

Tim Colen, Executive Director San Francisco Housing Action Coalition Email to Port Commissioners 5/16/08	On behalf of the 75 member organizations of the San Francisco Housing Action Coalition (SFHAC), I am pleased to submit the following comments on Sea Wall Lot 351. As you may know, SFHAC conducts grass-roots advocacy to support smart growth, transit-oriented-development and, especially, increased solutions to the City's housing affordability crisis. Some of our members participated in the community workshop conducted by the SF Port on April 14th and SFHAC remains strongly interested in the future of this important piece of land. The first and most important point for SFHAC is that it is no longer defensible or acceptable that this important land remains a surface parking lot bordered by a cyclone fence. It might have been acceptable many years ago when the elevated freeway still existed and the parking lot was effectively blocked from the waterfront. Since the freeway came down, however, it has become some of the most scenic and valuable land in the City. It is essential that the Port put this land to its best and highest use. It is no longer possible to defer this decision to protect some local neighbors from an inevitable change that clearly benefits the larger interests of the Port and San Francisco. Next, it is crucial that the Port begin to realize some economic benefit from this land if it is to address the crushing backlog of deferred maintenance and historic preservation of its facilities. This is the Port's responsibility to the entire City of San Francisco. Finally, SFHAC strongly supports the Port's issuing a request for proposals (RFP) to help determine which uses are appropriate and economically feasible. These uses should contribute to good urban design principles, revitalize the Embarcadero and reconnect the waterfront to its adjacent neighborhoods. We look forward to working with the Port as this issue moves forward.
Jonathan Middlebrook 5/21/08 (Direct email to KDiohep)	My bona fides: Condo owner in GGC, delighted walker of dog in the Barbary Coast neighborhood, modest participant in naming our subarea and in thwarting the out-of-scale hotel project at Broadway & The Embarcadero, member of several neighborhood organizations (though I am not here writing for any of them) , former member of the private GGT&SC , where I made some enjoyable acquaintance (resigned the Club because family health matters made it unusable and thus too costly.) Taken at their words, all of SWL 351's stakeholders (City and neighborhood residents, small business people, the Port, tennis club members, the most likely developer, the State Lands Commission) want the best for this crucial site. Everyone wants "excellence, "open space (if not public open space), pedestrian delights, recreation, views, public transit, a vital 24/7 (or perhaps only 18/7) neighborhood, bicycle storage, parking , but not the eyesore surface lot currently in place, removal of the thumb-in-the-eye barbed wire from the fence of the private club, and money to pay for these pies in the sky. —Actually, "everyone" does not agree on two of my last three items. At the Port's 14 April workshop a club member passionately defended the parking lot as part of "a beautiful view," and I seem to be alone in my sense that ragged barbed wire is a needlessly hostile interface between private club and public property, as well as an ineffective security measure, since it incompletely surrounds the club. The Port's 19 May document gives all stakeholders a framework for getting a lot of what they say they want, and for keeping development of SWL 351 within the scale of the Barbary Coast's built environment. The southwest edge of SWL 351 abuts the private club, which is itself overlooked by an undistinguished, 220' apartment building. Farther south, building heights reach 500' or so. The northwest edge of SWL 351 is overlooked by the 50-60' Golden Gate Commons. The eastern edge of SWL 351 fronts The Embarcadero along one of its most wonderful stretches. Thus SWL351 exists at the bottom of a built-environment cliff Were a graceful, mixed

	use structure to be stepped-back to the Southwest from waterside bulkhead height (about 45') at The Embarcadero and the Jackson sewer corridor, to 100' or more at the corner of Washington and Drumm streets, a developer would be able to preserve our cherished view of Coit Tower from the Ferry Building. The step-back would even frame that view from the northwest corner of the Ferry Building. The developer would be able to expand the existing club facilities while preserving the swimming pools and negotiating or poker-playing the number of tennis courts. Walking south on The Embarcadero from, say, America True, such a structure would blend into the much higher Golden Gateway and downtown skylines, and the step-back would make an architecturally appropriate transition from Downtown to our northeastern waterfront, with its 40' Embarcadero height limit. The step-back would mimic the sort of step-up we already have in the northeast waterfront, as buildings rise from 40' at The Embarcadero, up the face of Telegraph Hill. The Port would realize significant, though not top-dollar revenue from such a project. The difference between "significant" and "top-dollar revenue" could be called a serious investment in the Barbary Coast's and San Francisco's future. Such investments have an additional return, in the form of community good will. The Port could require that the northeastern portion of the development include permanently deeded, publicly accessible, open recreation space. Some of us residents favor a children's playground, both for touring families and for the happily increasing number of children and grandchildren who will be living among us. There could be any number of grace notes to such a development—fountains, bicycle and roller-skate concessions, community notice board, chess tables, appropriate underground parking. --And, of course, there will be legal-political wrangling enough to keep us all occupied for several more years. Development in San Francisco is not a simple proposition, but there are successes, even here in Barbary. Witness the Broadway Family Apartments. While the ultimate court of appeal in San Francisco development matters is the Board of Supervisors, I hope we locals have success in negotiating workable, satisfying development of this crucial, currently disgraceful, yet potentially spectacular site.. Thank you, for reading and including these comments in your materials for the 27 May Port Commission meeting.
John Rahaim, Planning Director	See letter attached dated 5/21/2008 to Commission President Brandon
Michael Cohen, Mayor's Office	See letter attached dated 5/21/2008 to Commission President Brandon

WATER EMERGENCY TRANSPORTATION AUTHORITY

WETA

April 23, 2008

Ms. Monique Moyer
Executive Director
Port of San Francisco
Pier 1
San Francisco, CA 94111

RE: SWL 351 Development Project – Opens Opportunity to Add Ferry Facilities

Dear Monique:

I want to thank you for inviting our agency to participate in the Northeast Waterfront Advisory Group (NEWAG). As your staff undertakes a public process to develop criteria for the development of SWL, I thought it would be helpful to comment on how this project would benefit our regional agency's plans to meet the demand for additional ferry docks at the South Ferry Terminal.

Last year, the California Legislature heightened our agency's mandate to manage and coordinate the emergency activities of all water transportation and related facilities in this region with the exception of the GGBHTD. On March 31, 2008, I briefed WETA's newly constituted Board of Directors on our region's existing capacity for responding to an emergency with our waterborne transportation network. I explained the problem of limited capacity at existing ferry terminals, especially at the Ferry Building. In an emergency where bridges and major highways are impacted, we estimate that 325,000 passengers will need to be transported from San Francisco's waterfront to Solano, Marin and East Bay Counties. The current dock limitations would allow us to serve only half of the 42 vessels available for emergency response in the Bay Area. Even short of all surface transportation being disrupted or a short-term stop in bus transit or BART service, the terminal facilities are insufficient to handle the expected flow of passengers.

To increase capacity, I am recommending the addition of two new docks at the South Ferry Terminal as a top investment for WETA to take in meeting its emergency response mandate. Almost a decade ago, the Port identified the need for additional docks as Phase II of its plans for improvements to its ferry facilities. The WTA supported this project in anticipation of its plan to start new ferry routes. We successfully attracted Regional Measure 2 and the recently passed Proposition 1B can provide capital funds for WETA to start this project.

The next challenge we face is a regulatory constraint. As specified in BCDC's Special Area Plan, additional docks cannot be constructed until existing parking is removed from the vicinity of the South Terminal and Pier ½ . The development of SWL 351 provides a greatly needed opportunity to address this regulatory requirement with the inclusion of replacement parking. This would allow us to begin to invest the regional transportation funds set aside for the next phase of ferry terminal expansion.

Please let know if I can answer any further questions Thank you for your consideration. We look forward to continued collaboration with the Port.

Sincerely,

Steve Castleberry
Executive Director

CC: Kathleen Diohep, Project Manager, Port of San Francisco

Pier 9, Suite 111, The Embarcadero, San Francisco, CA 94111 Phone (415) 291-3377 Fax (415) 291-3388

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Dave Stockdale

April 30, 2008

Members, San Francisco Port Commission
Port of San Francisco
Pier 1, The Embarcadero
San Francisco, CA 94111

Ms. Monique Moyer
Executive Director
Port of San Francisco
Pier 1, The Embarcadero
San Francisco, CA 94111

Re: Seawall Lot 351

Dear Commissioners and Director Moyer:

On behalf CUESA, I would like to take this opportunity to urge you to move forward with the issuance of a Request for Proposals for Seawall Lot 351.

While we believe CUESA's Ferry Plaza Farmers Market has emerged as one of the most beloved mainstays of city life in San Francisco, we find ourselves at a critical juncture. The farmers and food artisans who sell at the Farmers Markets depend on the patronage of local residents for their survival—specifically, the local residents who purchase goods for their weekly meal planning. Those customers who shop in such quantities need parking facilities.

Unfortunately, we currently cannot support the demand for parking for the markets with the current parking configuration, as parking options are already severely limited in the area. This situation will become even more acute with the proposed elimination of parking at Pier 1/2. Parking has also become a major issue in renewing our lease with Equity Office, a process we have yet to complete.

Seawall Lot 351 presents an opportunity to ease this shortage of parking. Whatever the Port ultimately determines for the lot, we are hopeful some form of public parking will be given serious consideration.

In any event, it is critical that the port move swiftly with the RFP process, so that the Port, CUESA, our neighbors and other stakeholders can begin to plan accordingly and secure a successful future.

Again, on behalf of my board of directors, advisors, staff and the 110 small farmers and food artisans who rely on the Ferry Plaza Farmers Market to survive, I urge you to kickstart the planning process for Lot 351 by issuing an RFP as soon as possible.

Sincerely,

Janet Griggs
President, Board of Directors
CUESA

SAN FRANCISCO
PLANNING DEPARTMENT

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May 21, 2008

Ms. Kimberley Brandon
President, Port Commission
Port of San Francisco
Pier 1, The Embarcadero
San Francisco, CA 94111

Dear President Brandon:

I am writing to support the draft design and development objectives proposed for a Port sponsored project at Seawall Lot (SWL) 351. Planning Department staff have been working closely with staff from the Port on the development of these criteria to ensure a well designed project on this important site.

A mixed use development on SWL 351, consistent with these criteria, would build on the significant improvements already made by the City and the Port in the neighborhood, including the historic rehabilitation of the Ferry Building, Pier 1, and Piers 1 ½, 3, 5; improvements to the Embarcadero roadway and transportation systems; Muni's hotel development on its former bus layover; and the dedication of new open spaces such as Sue Bierman Park, Harry Bridges Plaza and Ferry Park. These projects have dramatically improved the connections between our city and our waterfront, which can be further enhanced by appropriately designed improvements to SWL 351.

Given the highly urbanized, mixed-use neighborhood context, a combination of land uses that reflect the scale and character of the neighborhood are appropriate for SWL 351, including office, residential, retail and hotel. The site is currently zoned for public uses with a height limit of 84 feet, and any future development would require a re-zoning.

I understand the Port has received comments from some neighborhood stakeholders to utilize SWL 351 for additional public open space. While I recognize the need for open space improvements in the area, I believe that our City's focus here should be on enhancing and programming the neighborhood's substantial amount of existing open spaces instead of the creation of new open space. The Planning Department has already begun working closely with the Recreation and Parks Department on improving and integrating these open spaces.

On June 5, 2008, the Recreation and Park Commission and the Planning Commission will hold a joint hearing to consider the appropriation of $1.8 million for previously identified improvements to Sue Bierman Park and to conduct a visioning study to identify needed improvements to better integrate Sue Bierman Park, Justin Herman Plaza, Harry Bridges Plaza and Ferry Plaza. These waterfront open spaces need to work better, and

we look forward to hearing from the Port and the neighborhood on this important initiative.

In the meantime, my staff and I will continue to be available to advice the Port on its effort to further enhance the waterfront through development of SWL 351.

Sincerely,

John Rahaim
Director of Planning

ECONOMIC AND WORKFORCE DEVELOPMENT
MICHAEL COHEN, DIRECTOR

CITY AND COUNTY OF SAN FRANCISCO
GAVIN NEWSOM, MAYOR

May 21, 2008

Ms. Kimberley Brandon
President, Port Commission
Port of San Francisco
Pier 1, The Embarcadero
San Francisco, CA 94111

Dear President Brandon:

Thank you for the opportunity to respond to the Port's draft development goals and objectives for Seawall (SWL) 351. The Mayor's Office of Economic and Workforce Development is fully supportive of the development criteria proposed by Port staff.

The Port and the City have worked diligently over the past decade to substantially redevelop the Ferry Building Waterfront area, investing hundreds of millions of dollars in public and private capital. The result has been the successful creation of a vibrant, mixed-use destination neighborhood that serves residents, workers and visitors to San Francisco and that better connects us to our waterfront.

SWL 351 is one of the few remaining opportunities in this area. A well planned, well designed development project at SWL 351 makes sound planning sense and is consistent with the vision of the Port's Waterfront Plan.

The site is currently underutilized as a parking lot, generating modest revenues for the Port. A proposed project will generate substantial additional revenues to the Port for its capital and operating needs, as well as indirect fiscal benefits to the City, such as increased property and payroll taxes. Development here will also provide much needed parking for and help insure the continued success and vibrancy of the Ferry Building Waterfront area, including the Ferry Building and Piers 1 ½, 3, 5.

I encourage the Port Commission to move forward with a Request for the Proposals for the site. Only through this competitive, public solicitation process can we truly weigh the planning and fiscal benefits of any proposed project on this site and address some of the legitimate concerns expressed by adjacent neighbors.

Sincerely,

Michael Cohen

1 DR. CARLTON B. GOODLETT PLACE, ROOM 448, SAN FRANCISCO, CA 94102
(415) 554-6969 VOICE (415) 554-6018 FAX

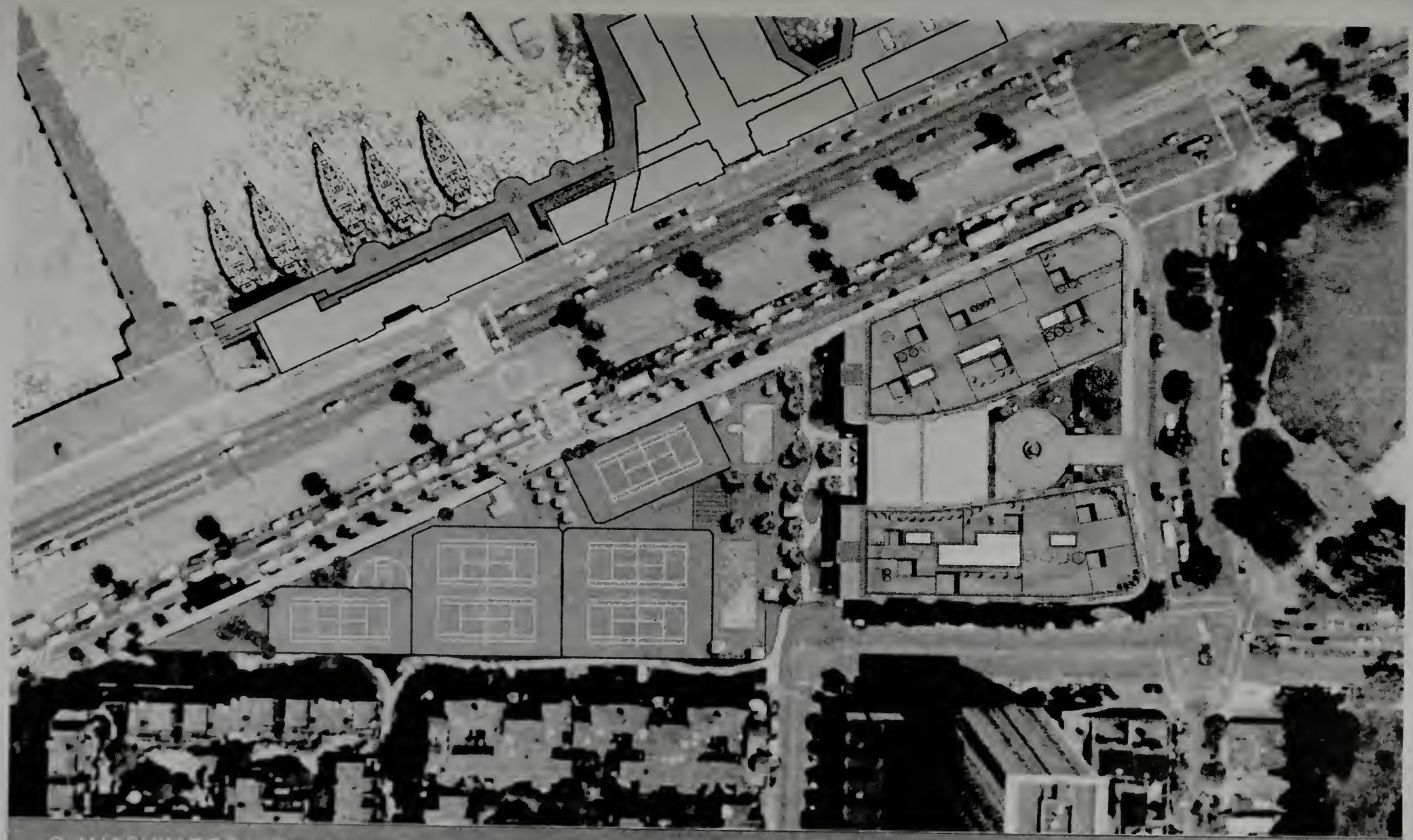
Exhibit L

SAN FRANCISCO WATERFRONT PARTNERS
PROPOSED 8 WASHINGTON PROJECT

WITH AND WITHOUT INCLUSION OF SEAWALL LOT 351

December 2007

Source: San Francisco Waterfront Partners



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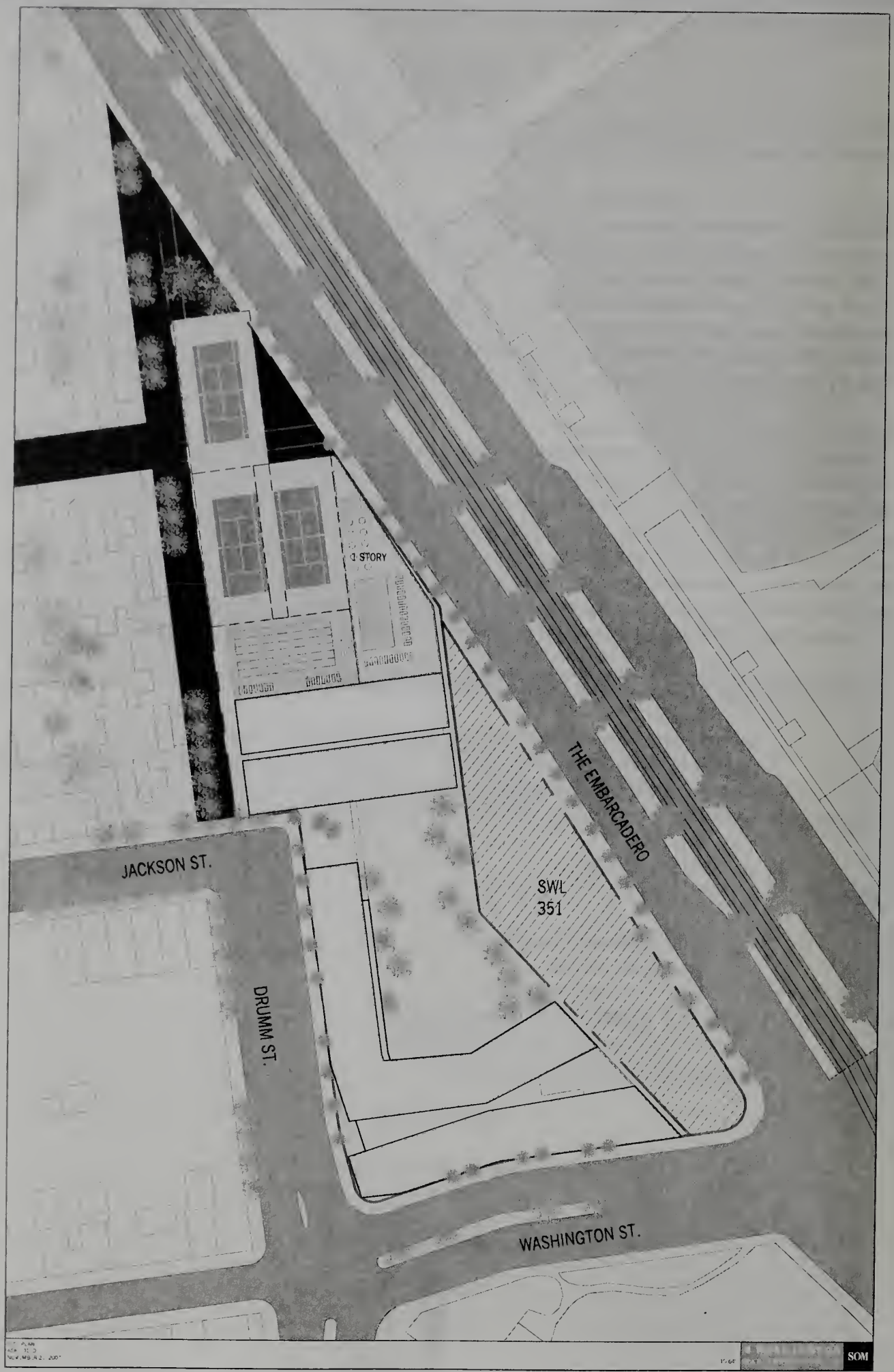
1 STORY
THE EMBARCADERO
SWL
351
JACKSON ST.
DRUMM ST.
WASHINGTON ST.
SOM

PORT OF SAN FRANCISCO

MEMORANDUM

May 20, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Request Approval to Execute Eighth Amendment to the Amended and Restated Exclusive Negotiation Agreement with SF Piers LLC for the Piers 27-31 Project on The Embarcadero, between Francisco and Battery Streets and for Piers 30-32 on The Embarcadero, between Bryant and Brannan Streets (Resolution No. 08-36)

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

On Mareh 14, 2006, the Port Commission approved the Amended and Restated Exclusive Negotiation Agreement ("Amended ENA") between the Port and SF Piers LLC, whose members are Shorenstein Properties, LLC and Farallon Capital Management (hereinafter referred to as the "Developer") for a mixed-use recreational development with aneillary uses at Piers 27-31 ("the Project"). Since 2007, the Port and the Developer were engaged in a series of discussions to determine whether a primary, home-port cruise terminal at Pier 27 could be financially and operationally feasible. These diseussions were based on the Port Commission-appointed Cruise Terminal Advisory Panel's recommendation that Pier 27 should be developed as the most eost-effective primary cruise terminal site.

Pier 27 was selected as the location for a eruise terminal because of its intrinsie physieal advantages: the size and integrity of the existing maritime shed, the length of the berth, the width of the aprons, the relative good condition of the substructure, and the potential to use the shed on non-cruise days for other revenue-generating funetions such as corporate and special events, eonsumer trade shows or reereational activities. The Developer concluded that additional time was necessary to determine the financial and operational feasibility of a primary eruise terminal. The Developer requested an additional extension of the Amended ENA; the Port Commission approved this extension which is set to expire on May 30, 2008.

During the period of this latest extension, the Developer eoneluded that a cruise terminal operation and an offiee at Piers 27-31 presented many ehallenges and did not meet their needs as a

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headquarters. Accordingly, the Developer conceived an alternative approach which is to consider Piers 30-32 (a 13 acre facility at The Embarcadero and Bryant and Brannan Streets) as a potential site for the office component of the Project. The Developer has proposed an approach linking financing proceeds derived from office and other development at Piers 30-32 as a funding source for a cruise terminal at Pier 27.

This approach is similar to the approach approved as part of the Bryant Street Pier Project at Piers 30-32. For that project, State legislation, known as AB 1389, was approved. The State Legislature authorized San Francisco Cruise Terminal, LLC ("SFCT"), the developer of the Bryant Street Pier Project, to develop non-trust consistent office and neighborhood retail if a trust-consistent, two berth cruise terminal facility were built. Non-trust uses were seen as the means to finance the trust uses (i.e., the cruise terminal).

The Developer has proposed an approach which would allow them to build an office complex as well as open space and public access on Piers 30-32 and use tax increment generated from their Piers 30-32 project to finance a cruise terminal facility at Pier 27. This approach starts from the AB 1389 legislative framework of development of non-trust, office uses financing the major trust use of a primary, home-ported cruise terminal. However, instead of residing at one location on Piers 30-32 under the Bryant Street Pier Project plan, this new potential project would link the non-trust and other potentially ancillary trust uses to be developed at Piers 30-32 with a cruise terminal facility to be constructed at Pier 27. This approach needs review and concurrence of the State Lands Commission though it is expected that that new or amended legislation would have to be enacted.

In order to test this trust consistency strategy, the Developer will need to develop a financial model based on design alternatives that achieves both the Developer's and Port's goals as well as community support. Additionally, the approach would need a waiver from the Board of Supervisors of their competitive bidding policy for public-private development opportunities. Accordingly, the Developer is requesting a 120-day extension of the term of the Amended ENA to September 27, 2008 in order to develop alternative design schemes and financial models and to seek a waiver of the sole-source bidding requirements from the Board of Supervisors at Piers 30-32. If the Developer succeeds in obtaining such a waiver, the Port Commission will then be asked to consider a new ENA for Piers 30-32 with the Developer. Exclusive rights at Piers 27-31 will then terminate. If the Developer does not obtain such a waiver, all exclusive rights to Port property will be extinguished.

Port staff hereby request approval of an extension of the term of the Amended ENA to September 27, 2008 and authorization for the Executive Director to execute the Eighth Amendment to the Amended ENA granting such extension. A copy of the Eighth Amendment is on file with the Port Commission Secretary.

Staff Recommendation

Port staff request that the Port Commission (1) approve the extension of the term of the Amended ENA to September 27, 2008; and (2) authorize the Executive Director to execute the Eighth Amendment to the Amended ENA.

Prepared by: John Doll, Project Manager
Planning & Development
For: Byron Rhett, Deputy Director
Planning & Development

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-36

WHEREAS, Charter Section B3.581 grants to the Port Commission the authority and duty to use, conduct, operate, maintain, regulate and control the lands within the Port jurisdiction; and

WHEREAS, The Port Commission at its March 14, 2006 meeting, by Resolution No. 06-22, approved the terms of an Amended and Restated Exclusive Negotiation Agreement ("original Amended ENA") between the Port and SF Piers LLC, a Delaware limited liability company (herein the "Developer"); and

WHEREAS, The term of the original Amended ENA, as amended by the First, Second, Third, Fourth, Fifth, Sixth and Seventh Amendments (the "Amended ENA"), expires on May 30, 2008, and the Developer has requested an extension of the Amended ENA term to September 27, 2008; and

WHEREAS, Developer wishes to amend the Amended ENA further to replace the Performance Benchmarks as described in the Memorandum to Port Commissioners dated May 20, 2008 for Calendar Item No. 9B (the "Staff Report") and as set forth in the Eighth Amendment to the Amended ENA on file with the Port Commission Secretary and incorporated herein by this reference; and

WHEREAS, Port staff recommend to the Port Commission that it extend the term of the Amended ENA to September 27, 2008, approve the Eighth Amendment to the Amended ENA, and authorize and direct the Executive Director to execute the same; now, therefore, be it

RESOLVED, That the Port Commission hereby approves the extension of the term of the Amended ENA to September 27, 2008; and be it further

RESOLVED, That the Port Commission hereby approves the amendments to the Amended ENA and authorizes and directs the Executive Director of the Port, or her designee, to execute the Eighth Amendment to the Amended ENA, in substantially the form on file with the Port Commission Secretary, with the understanding that the final terms and conditions of any lease disposition and development agreement, lease or related documents negotiated between the Port and the Developer during the exclusive negotiation period will be subject to the approval of the Port Commission; and be it further

RESOLVED, That the Port Commission hereby authorizes and directs the Executive Director of the Port, or her designee, to take all such further actions, including execution of documents in consultation with the City Attorney, as are necessary or advisable to effectuate the purpose and intent of this Resolution, so long as such actions and/or agreements do not materially increase the Port's anticipated obligations or decrease the Port's anticipated benefits and are consistent with this Resolution; and be it further

RESOLVED, That the Port Commission, pursuant to Section 7.2 of the Amended ENA, hereby authorizes the Executive Director of the Port, or her designee, to waive or extend the times for performance of the Performance Benchmarks (as defined in the Amended ENA), including, without limitation, the right to condition such waiver or extension on additional Performance Benchmarks or other conditions required by the Port in its sole discretion, provided that such extension does not extend the term of the Amended ENA; and be it further

RESOLVED, That entering into the Eighth Amendment to the Amended ENA does not commit the Port Commission to approval of a final lease, lease disposition and development agreement or related documents, and that the Port Commission shall not take any discretionary actions committing it to the Project, as revised, until it has reviewed and considered environmental documentation prepared in compliance with the California Environmental Quality Act (CEQA).

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 27, 2008.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

May 22, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Fiscal Year 2008-09 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates.

DIRECTOR'S RECOMMENDATION: Information Only; No Action Required

MONTHLY RENTAL RATE SCHEDULE

On September 8, 1993, the Port Commission (Resolution No. 93-127, as amended by Resolution 93-135) delegated authority to the Executive Director to approve and execute leases and Memorandums of Understanding on behalf of the Port, provided that the terms of said leases met certain parameters as found in the Port's Leasing Policy. Contained within the 1993 delegated authority is a schedule of minimum rental rates for leases which can be executed by the Executive Director without Port Commission approval. Such delegated authority can only be executed under the following criteria:

1. The lease is for an office building or bulkhead office space, open or enclosed pier shed space, paved or unpaved open space, or open pier or apron space but is not for a retail use;

2. Except for temporary uses (with terms not exceeding six (6) months), the use under the lease or license represents a like-kind use to the existing or the immediate prior use of the facility;

3. Port staff has authority to assign or sublease a Port Commission approved boilerplate Lease without Commission approval if the terms and conditions of the assignment or sublease are consistent with the September 1993 Resolution No. 93-127;

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4. The lease or license is for space included in the current Rental Rate Schedule adopted by the Port Commission, and the lease or license rent conforms to the Rental Rate Schedule;

5. The tenant executes the Port's standard form lease with no alterations except for minor changes approved by the City Attorney or changes in insurance requirements approved by the City Risk Manager;

6. The lease term does not exceed five (5) years, except those leases in the Fisherman's Wharf Seafood Center at Pier 45 Sheds B and D may have a maximum lease term of ten (10) years, (Port Resolution No. 94-122; Amended February 28, 2006, by Resolution No. 06-15);

7. Port staff has the authority to issue tenant improvement allowances for floor and wall coverings if those credits do not result in the net rent over the term of the lease to be below the Minimum Net Effective Rental Rates found in the Rental Rate Schedule. Allowances for paint, up to a maximum of $2.50 per square foot, and for floor covering, up to a maximum of $2.50 per square foot, are allowable when: 1) new paint and/or floor covering is necessary in order to lease space in full service office buildings; and 2) Port staff is unable to perform such work prior to the proposed lease commencement date. These allowances are considered "landlord's work." Therefore, such work is not included in calculating the minimum Initial Lease Rental Rates;

8. The lease may include one month of free rent for early entry for the construction of tenant improvements prior to the commencement of term; and

9. Port staff provides a monthly report to the Commission indicating Leases Executed Pursuant to Port Commission's Leasing Parameters Policy.

The Port's Leasing Policy provides for an annual update of the Rental Rate Schedule. The Schedule sets ranges of minimum lease/license rental rates per square foot and ranges of minimum net effective rental rates per square foot (if any rent credits are to be provided) by type of use and facility for office and industrial space. The Port Commission last updated the Rental Rate Schedule on June 4, 2007, by Resolution No. 07-40, (attached as Exhibit A).

MARKET SUMMARY

In the later half of 2007, the San Francisco commercial real estate market leveled off, and in some cases rents have declined. Demand in some office submarkets in the San Francisco market are softening but the general outlook is still positive. Tenants and Landlords appear to be cautious about the economy. In contrast, the demand for space along the waterfront has remained high relative to that of the balance of San Francisco. Recent leasing activity has lowered the Port's office vacancy rate to less than 2 %, well below the citywide vacancy rate of approximately 10% to 14 %. Port staff has reviewed available commercial data including market comparables of similarly situated properties to that of Port properties, the results of which are included as Exhibit B, and Port leasing activity for the prior 12 months included as Exhibit C. This data demonstrates that the Port's current Rental Rate Schedule is generally in line with current market conditions even with the flattening market. However, there are some rates, as

indicated below, that Port staff is recommending be increased to better reflect the current market conditions.

Port staff continues to have the authority to negotiate higher rates than those found in the Rental Rate Schedule and, conversely, staff has the flexibility to quote rates in the mid-range or lower range of the Rental Rate Schedule when justified, for properties that may be physically sub-standard or oddly configured. In the majority of transactions, Port staff successfully negotiates rates above the Minimum Monthly Rent Parameters.

Office buildings are classified according to a combination of location and physical characteristics. *Class B* and *Class C* buildings are always defined in reference to the qualities of *Class A* buildings. There is no formula for classification but rather buildings are evaluated subjectively.

Class A office space can be characterized as buildings that have excellent location and access, attract high quality tenants, and are managed professionally. Building materials are of high quality and rents are competitive with other new buildings. *Class A* office buildings are usually located in central financial districts with higher-end amenities and lobbies. *Class A* office buildings are usually steel-framed and tall. Current rental rates for *Class A* office in San Francisco's Financial District average $4.03 per square foot per month or $48.36 annualized. In the submarket of Van Ness/Civic Center, rates are $2.92 per square foot per month or $35.04 annualized. The Port does not directly manage any *Class A* office buildings. *(Source: Cornish & Carey Commercial 1Q Report 2008* and *CBRE San Francisco Market Office Report 1Q 2008).*

Class B buildings have good (versus excellent) locations, management, and construction, and tenant standards are high. Buildings should have very little functional obsolescence and deterioration. In practical terms, *Class B* buildings are usually newer, wood-framed buildings or older, former *Class A* buildings. *Class B* office buildings are usually three stories or less. The average San Francisco *Class B* office rents as of the 1Q 2008 range from $2.30 to $3.00 per square foot per month or $27.60 to $36.00 per square foot annually. Comparatively the average Port of San Francisco *Class B* office space for the period 1Q 2008 ranges from $2.35 to $2.95 per month or $28.20 to $35.40.

Class C buildings are typically 15 to 25 years old but are maintaining steady occupancy. A fair number of the *Class C* office spaces in the Port's inventory are not truly office buildings but rather walk-up office spaces above retail or service businesses. The average San Francisco *Class C* office space for the same period shows rental rates ranging from $1.75 to $2.42 per square foot per month or $21.00 to $29.04 per square foot annually.

The majority of Port managed office spaces primarily fall into the *Class C* category of office space with the exceptions of the Roundhouse Plaza, Pier 9, and Pier 26 Annex, which are considered *Class B.* Note that the Port's portfolio contains *Class A* space managed by Master Tenants and not subject to the Port's Rental Rate Schedule.

In the 1Q of 2008 the average Port of San Francisco *Class C* office space for the same period ranges from $2.25 to $2.70 per square foot per month or $27.00 to $32.40 per square foot annually. These rates are slightly higher than the City average by approximately 3%.

San Francisco Office Submarket Overview 1Q2008

Submarket	Net rentable area	Total vacancy rate	Class A	Class B	Class C
Financial District	*27,160,376*	*8.8%*	*$4.03*	*$3.00*	*$2.25*
S. Financial District	*20,185,328*	*7.6%*	*$4.00*	*$3.00*	*$2.25*
N.Waterfront & Jackson Square	*4,806,266*	*8.4%*	*$3.88*	*$2.96*	*$2.60*
Yerba Buena	*3,260,036*	*6.3%*	*$3.96*	*$2.92*	*$2.09*
South Market	*2,613,337*	*5.08%*	*$3.17*	*$2.84*	*$2.09*
Multimedia Gulch	*3,529,583*	*14.7%*	*$3.34*	*$3.19*	*$2.65*
Mission Bay/China Basin	*1,206,000*	*4.4%*	*$4.84*	*n/a*	*n/a*
Potrero Hill	*2,068,709*	*15.3%*	*$3.13*	*$2.94*	*$2.73*
Civic Center & Van Ness Corridor	*3,151,137*	*7.2%*	*$2.92*	*$2.50*	*$2.34*
Union Square	*3,776,028*	*11.7%*	*$3.55*	*$3.05*	*$2.57*

INDUSTRIAL AND WAREHOUSE

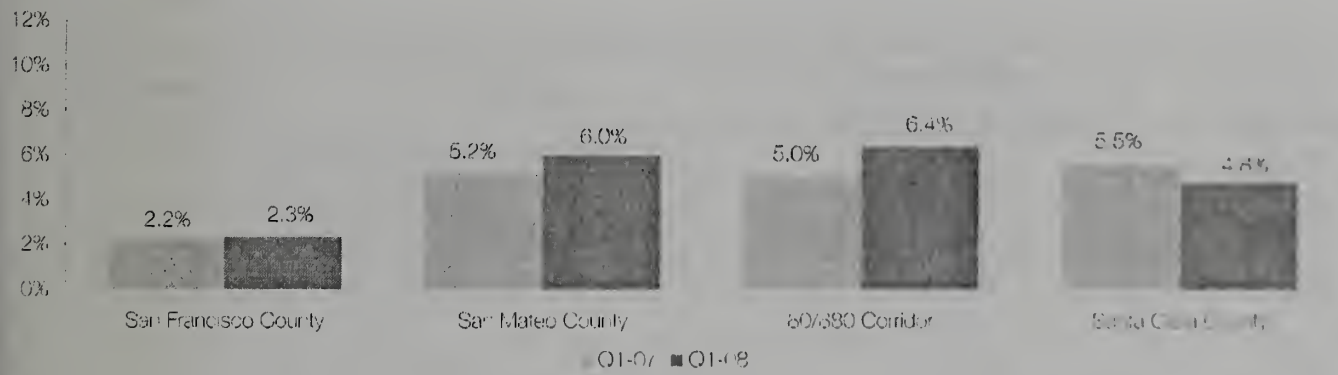
Port warehouse and industrial space demand has remained strong and rents have steadily been increasing. The Port's industrial properties have various levels of improvements including partitions, fencing, electrical service, plumbing, etc. The industrial/warehouse spaces are typically leased under "net" leases with space defined as "gross leasable area."

The majority of Port warehouses are categorized as *Class C.* Those spaces lack loading docks, attached office space, non-permeable concrete floors, and share a common drive isle. Despite the limited infrastructure, the Port has been able to negotiate rental rates comparable to private landlords. The previous twelve month average rates have been $0.75 to $0.85 per sq.ft or $9.00 to $10.20 per sq.ft annually. This appears to be somewhat better than current market conditions.

Market Summary

Submarket	Building Base	Available Space Direct	Available Space Sublease	Available Space Total	Vacancy Rate Q1-08	Vacancy Rate Q1-07	Avg. Asking Rate (NNN)
Mission/SOMA	5,141,878	78,150	0	78,150	1.5%	0.6%	$1.15
3rd St Cdr/Potrero Hill	9,785,817	239,876	32,000	271,876	2.8%	2.5%	$0.82
Bayview	4,359,440	88,610	8,800	97,410	2.2%	3.5%	$0.83
Total San Francisco County	**19,287,135**	**406,636**	**40,800**	**447,436**	**2.3%**	**2.2%**	**$0.88**
Brisbane	3,995,947	132,510	9,300	141,810	3.5%	3.4%	$0.92
S San Francisco/ San Bruno	17,419,962	1,027,423	76,739	1,104,162	6.3%	5.6%	$0.87
Burlingame/ Millbrae	3,884,785	291,026	74,750	365,776	9.4%	6.4%	$0.88
San Mateo/ Foster City	723,021	23,131	0	23,131	3.2%	17.3%	$1.03
Redwood City	1,233,456	58,689	117,594	176,283	14.3%	4.7%	$0.95
Belmont/ San Carlos	3,259,768	23,843	0	23,843	0.7%	2.6%	$1.10
Menlo Park	1,186,562	58,254	0	58,254	4.9%	0.0%	$0.75
Total San Mateo County	**31,703,501**	**1,614,876**	**278,383**	**1,893,259**	**6.0%**	**5.2%**	**$0.88**
Richmond	4,974,318	343,470	96,560	440,030	8.8%	7.6%	$0.37
Berkeley	1,781,351	17,707	0	17,707	1.0%	3.3%	$0.95
Emeryville	1,109,399	25,000	0	25,000	2.3%	2.6%	$0.53
Oakland	13,081,710	137,424	281,471	418,895	3.2%	2.0%	$0.46
San Leandro	14,785,215	686,825	553,511	1,240,336	8.4%	5.3%	$0.45
Hayward	18,674,159	886,564	221,140	1,107,704	5.9%	2.1%	$0.40
Union City	8,353,087	898,793	43,603	942,396	11.3%	7.3%	$0.45
Newark	3,986,761	206,592	0	206,592	5.2%	14.8%	$0.49
Fremont	8,209,293	331,494	33,410	364,904	4.4%	7.4%	$0.48
Total 80/880 Corridor	**74,955,293**	**3,533,869**	**1,229,695**	**4,763,564**	**6.4%**	**5.0%**	**$0.44**
Sunnyvale	1,827,665	54,934	0	54,934	3.0%	0.0%	$0.75
Santa Clara	4,032,318	172,572	0	172,572	4.3%	0.9%	$0.69
North San Jose	9,740,274	399,296	31,728	431,024	4.4%	6.8%	$0.50
S/Central San Jose	8,914,023	81,996	138,240	220,236	2.5%	4.9%	$0.54
Morgan Hill/Gilroy	2,524,645	229,941	0	229,941	9.1%	9.1%	$0.28
Milpitas	5,553,574	446,327	0	446,327	8.0%	7.7%	$0.62
Total Santa Clara County	**32,592,499**	**1,385,066**	**169,968**	**1,555,034**	**4.8%**	**5.5%**	**$0.54**
Grand Total	**158,538,428**	**6,940,447**	**1,718,846**	**8,659,293**	**5.5%**	**4.8%**	**$0.58**

Vacancy by Area



The Fiscal Year 2008-09 Monthly Rental Rate Schedule presented for Port Commission review and approval provides two sets of rental rate ranges. The first, entitled *Minimum Initial Lease Rental Rates*, represents the market rent range for the first year of the lease. The second, entitled *Minimum Net Effective Rental Rates* represents the net effective rent calculated and applied over the lease term after rent credits for flooring and wall coverings are amortized over the term of the lease. The proposed Monthly Rental Rate Schedule for Fiscal Year 2008-09 is attached hereto as Exhibit D.

PROPOSED CHANGES TO 2008-09 MONTHLY RENTAL RATE SCHEDULE

Port staff proposes changes to the Fiscal Year 2008-09 Monthly Rental Rate Schedule for office and industrial shed space consistent with the market rate review and determination. The following changes are proposed:

1. The following office properties generate strong demand from prospective tenants and currently experience very low vacancy rates. Staff recommends revised minimum monthly rents for these locations in recognition of high demand, low vacancy and a resilient Port office market.

Office Class B

Item #	Facility	From Minimum Rate of sq. ft /month	Increased to Minimum $
a)	Roundhouse Plaza	$2.30	$2.45
b)	Pier 9	$ 2.55	$2.75
c)	Pier 26 Annex Bldg.	$2.40	$2.50
d)	Pier 33-35 Bulkhead Bldg.	$2.25	$2.50

Office Class C

Item #	Facility	From Minimum Rate of sq. ft /month	Increased to Minimum $
a)	Agriculture Building Window	$2.00	$2.40
b)	Pier 26 Bulkhead	$2.25	$2.50
c)	Pier 28 North Bulkhead	$2.00	$2.50
d)	401 Terry Francois Blvd.	$2.00	$2.35
e)	Pier 96 Admin	$1.25	$1.35
f)	501 Cesar Chavez	$1.60	$1.80
g)	Office Storage at all facilities	$0.90	$1.10
h)	601 Cesar Chavez*	$00.00	$1.00

** Establishment of New Rate Parameter*

2. The following Industrial/warehouse Shed properties generate strong demand from prospective tenants and currently experience very low vacancy rates. Staff recommends revised

minimum monthly rents for these locations in recognition of high demand, low vacancy and an improving warehouse market.

Pier Shed and Land

Item #	Facility	From Minimum Rate of sq. ft /month	Increased to Minimum $
a)	Pier 9 Shed	$1.00	$1.25
b)	Piers 26-28	$0.75	$0.80
c)	Pier 50-54 ½	$0.75	$0.80
d)	Pier 48	$0.75	$0.85
e)	Pier 96 M&R Building	$0.65	$0.75
f)	SWL 343 or 354	$0.60	$0.75
g)	Pier 80	$0.60	$0.75
h)	Pier 92, SWL 344 & 354	$0.60	$0.75
i)	Open Land North,& South	$0.25	$0.26
j)	Paved Land North & South *	$0.00	$0.28
k)	Improved Land North & South *	$0.00	$0.30
l)	Piers 15,17, 27, 29, 31,45	$070	$0.75
m)	Pier 33	$0.75	$0.80

** Establishment of New Rate Parameter*

3. The rental rates at Pier 45 Fish Processing Center have not been adjusted since 2005. Therefore, staff recommends incremental adjustments in each category.

Improved Shed -Fish Wholesaling & Processing Space

Item #	Facility	From Minimum Rate of sq. ft /month	Increased to Minimum $
a)	Pier 45 Sheds	$0.75	$0.80
b)	Pier 45 Second Floor Warehouse	$0.35	$0.40
c)	Pier 45 Office	$1.00	$1.10
d)	Aprons	$0.20	$0.25
d)	Fish Gear Storage	$0.20	$0.22

(Research sources: BT Commercial Market Overview 1Q 2008, TRI Commercial 2008; BT Commercial Warehouse Report 4Q 2007; Port Leasing Activity past 12 months, San Francisco Economic Trend Data 1Q 2008, Cornish & Carey Office Report 1Q 2008,Carneghi-Blum & Partners, CB Richard Ellis 2008 Market Outlook, San Francisco Bay Area 2008)

BACKGROUND: PARKING

The Port operates a number of parking facilities where the Port leases individual parking stalls on a monthly basis (328 stalls). The majority of the stall holders are Port tenants. A map is

attached that shows the location of those facilities at which the Port currently offers this monthly parking (attached as Exhibit E).

On June 12, 2007 the Port Commission approved a new Monthly Parking Stall Rate Schedule by Resolution No. 07-40. This Monthly Parking Stall Rate Schedule was approved by the Port Commission with the understanding that Port staff would present to the Port Commission, for its review and approval a revised rate schedule for monthly parking each fiscal year. Accordingly, staff herein presents this Monthly Parking Stall Rate Schedule for fiscal year 2008-09 for the Commission's review as included below.

Since the last parking stall rate adjustments, the parking market has continued to strengthen. Port staff recently conducted a survey of comparable parking facilities in the vicinity of Port property where the Port rents monthly parking stalls (attached hereto as Exhibit F). The survey determined that the monthly parking stall rates for Port facilities are in line with current market rates. Therefore staff proposes modest incremental increases to the Monthly Parking Stall Rate Schedule because demand remains high and increases keep pace with the market.

Please note that the parking rates in this report do not include any City parking tax, currently 25%, which is paid by the stall holder and remitted by the Port to the San Francisco Tax Collector.

PROPOSED CHANGES TO FY 2008-09 MONTHLY PARKING RATE SCHEDULE

Site	Type	Current Rate		Proposed Rate		Increase (Tax Included)
		Rent	Rent & Tax	Rent	Rent & Tax	
Agriculture Bldg	Building Tenants Parking	$300	$375	$308	$385	$10
Pier 9	Shed Parking	$256	$320	$264	$330	$10
	Uncovered Parking	$236	$295	$244	$305	$10
Wharf J3	Commercial Tenants Parking	$236	$295	$244	$305	$10
	Restaurant Tenants Parking	$152	$190	$160	$200	$10
	Fishing Industry Tenants Parking	$56	$70	$60	$75	$5
Pier 45, Shed C	Commercial Tenants Parking	$256	$320	$264	$330	$10
	Restaurant Tenants Parking	$152	$190	$160	$200	$10
	Fishing Industry Tenants Parking	$56	$70	$60	$75	$5
Seawall Lot 302	Commercial Tenants Parking	$256	$320	$260	$325	$5
	Restaurant Tenants Parking	$152	$190	$160	$200	$10
	Sport Fishing Tenants Parking	$92	$115	$96	$120	$5
Seawall Lot 303	Commercial Tenants Parking	$240	$300	$248	$310	$10
	Restaurant Tenants Parking	$152	$190	$160	$200	$10
Seawall Lot 349	Uncovered Parking	$112	$140	$120	$150	$10

Site	Type	Current Rate		Proposed Rate		Increase (Tax Included)
		Rent	Rent & Tax	Rent	Rent & Tax	
Pier 80	Admin Bldg Uncovered Parking	$160	$200	$168	$210	$10
	Yard Uncovered Parking	$112	$140	$120	$150	$10
Pier 84	Uncovered Parking	$112	$140	$120	$150	$10
Pier 96	Uncovered Parking	$112	$140	$120	$150	$10

The Port makes available parking stalls at cost for its employees' vehicles. The current parking operator at SWL 324 (Broadway lot) , agreed to provide sixty parking spaces at SWL 324 for Port employees by using a rent credit of $2,250 per month (60 spaces at $37.50 per space plus 25% City parking tax, which was the same as what the Port charged its employees before the rate increased in year 2005). The vacancy rates indicated above relate to the 60 spaces reserved solely for Port employee parking. The remainder of the parking lot is operated by Central Parking System for public commuter parking. Regardless of the number of spaces utilized by the employees, the Port is still required to maintain the reservation of sixty spaces with Central Parking System. The Port must keep the vacancy factor lower than 15% to avoid loss. The vacancy rate is currently 17% as of May 2008. Port staff recommends changes in the employee parking rates set by the Port Commission at Pier 3, Pier ½ and SWL 351 only. All other employee parking rates are recommended to remain unchanged.

PROPOSED PORT EMPLOYEES MONTHLY PARKING RATE FOR FY 08/09

Facility	For	Current Rate		Proposed Rate		Increase (Tax Included)
		Rate	Rent & Tax	Rent	Rent & Tax	
Pier ½, Pier 3 & Seawall Lot 351	Port Commissioner, Executive Director	$100	$125	$104	$130	$5
	Employees who have been granted a reasonable accommodation under the Americans with Disabilities Act	$36	$45	$44	$55*	$10
Seawall Lot 324	Employees assigned to Pier 1; parking available for one employee vehicle used for commuting	$44	$55	$44	$55*	$0
Pier 50 or at jobsite	Employees assigned to Pier 50 or whose collective bargaining agreement allows for free parking; one automobile space for vehicle used by the employee for commuting (no boats, trailers, three-axle vehicles, etc.)	$0	$0	$0	$0	$0

** Equivalent to the cost of a MUNI FastPass plus $10. Will be adjusted correspondingly to future FastPass increase.*

FINANCIAL IMPACT

The annualized Monthly Parking Stall revenue is $378,192 as of May 1, 2008. The annualized revenue based on the proposed rate will increase to $397,488 or 5%.

SPECIAL EVENTS AND FILMING

The Port's 7 ½ miles of waterfront property is a popular venue for special events and filming projects produced each year in the City. Among the most notable special events are *Fleet Week, 4th of July Celebration and Fireworks, Festival of Sail, KFOG Kaboom, New Year's Eve, Giant's Fanfest* and *the Nike Women's Marathon.*

A number of major motion pictures and television series have been produced on Port property including; *Milk, Monk, and the Zodiac.*

The Port is also very popular with advertisers that account for the majority of still photo shoots that occur at the Port. From elegant fashion and auto ads located at Pier 7 to the more urban industrial projects shot in the Southern Waterfront, the Port offers a variety of locations sought after by creative photographers.

In order to standardize fees charged for various Port facilities, Port staff has established a Special Event and Filming Fee Schedule. The schedule is reviewed annually to reflect current market conditions and submitted to the Port Commission for re-approval. On June 12, 2007 the Port Commission by Resolution No. 07-40 amended the Rental Rate Schedule to include the Special Event and Filming Fee Schedule, (included as Exhibit G).

There are several recurring Special Events/Uses that have a strong Maritime connection to the Port of San Francisco and have customarily been given either a fee wavier or fee reduction by the Port Commission on an ad hoc basis. In order to streamline the administrative process and costs associated with preparing individual Commission Agenda Items for each event, staff recommends that the Port Commission approve the recommended fees for these events.

1. Proposed Fee Wavier: *4th of July Celebration; Fleet Week; City's New Years Eve Celebration, Madonna Del Lume, and 2008 Festival of Sail.*
2. Proposed Fee Reductions: *Small Boat Fishing Gear Swap Meet $300 versus $2,000 and Delancey Street Christmas tree Lot, $3,528 versus $7,055.*

Prior to 2006 the basic guiding principal behind setting fees for special events was found in 1993 Port Commission Resolution No. 93-127 as amended by Resolution 93-135, which approved the leasing parameters. The approval delegated authority to the Executive Director to approve and execute leases on behalf of the Port, provided the terms of said lease meet approved, document leasing parameters.

The methodology for deriving the fees described in the Special Events and Filming Fee Schedule is a combination of market research, continuous dialog with special events promoters and mostly the Port's own experience at negotiating fees. Because of the variety and unique characteristics of Port property, the Port has been able to set fees for special events and filming.

The attached Special Event and Filming Schedule reflects both a comparison of fees charged by the Port and other public venues in the City, such as athletic events and other entertainment

venues managed by the Department of Parks and Recreation, film permits issued through the Film Commission, and rates charged for the Concourse Exhibition Center.

In Fiscal Year 2007-08 special events and filming generated a combined total of $170,782 in revenues to the Port. Of this amount, special events generated $158,254 and filming $12,528.

PROPOSED CHANGES TO FY 2008-09 SPECIAL EVENT AND FILMING RATE SCHEDULE

The proposed changes to the FY 2008-09 Special Event and Filming Rate Schedule are listed on (Exhibit H). Port staff recently negotiated a Memorandum of Understanding with the Department of Elections for the entire Shed B portion of Pier 48. As a result staff has updated the rental rates for Pier 48 to reflect the change in rentable area.

Item #	Facility	From Minimum	Increased/decreased to Minimum $
a)	Pier 48 Shed A & C Private Event	$25,000 per day	$15,000 per day
b)	Pier 48 Shed A & C Paid attendees	$35,000 per day	$20,000 per day
c)	Pier 48 Shed A & C Paid attendees set-up	$2,000 per day	$2,500 per day
c)	Pier 48 Shed A & C Free admittance	$20,000 per day	$12,500 per day

There are no other changes proposed to the FY 2008-09 Special Event and Filming Rate Schedule.

RECOMMENDATION

Port staff will return to the next Port Commission meeting and request approval of the updated Fiscal Year 2008-09 Monthly Rental Rate Schedule, Parking Rate Schedule, and the Special Event and Filming Schedule.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager

EXHIBIT A

2007-08 MININUM MONTHLY RENTAL RATE SCHEDULE+

TYPE OF USE & TYPE OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft *
OFFICE SPACE USES:			
FULL SERVICE GROSS LEASES:	CLASS B		
	Roundhouse Plaza	$2.30 - 2.95	$1.98 - 2.05
	CLASS C		
	Agriculture Building		
	Window Office	$2.00 - 2.60	$1.78 - 2.88
	Interior Office	$1.50 - 2.00	$0.98 - 1.48
	401 Terry Francois	$2.00 - 2.50	$1.67 - 2.25
	696 Amador	$1.75 - 1.80	$1.50 - 1.60
NET LEASES:	CLASS B		
	Pier 9 Bulkhead Bldg.	$2.55 - 3.00	$2.40 - 2.90
	Pier 9 Pier Offices	$2.55 - 3.00	$2.40 - 2.90
	Pier 26 Annex Bldg.	$2.40 - 2.90	$2.40 - 2.90
	Pier 33-35 Bulkhead Bldg.	$2.25 - 2.75	$1.90 - 2.50
	CLASS C		
	Piers 15-19 Bulkhead Bldgs.	$1.85 - 2.00	$1.85 - 1.75
	Pier 27 Admin. Bldg.	$1.35 - 1.60	$1.35 - 1.44
	Pier 29 Annex Bldg.	$1.35 - 1.60	$1.35 - 1.44
	490 Jefferson St.	$1.85 - 2.25	$1.85 - 2.25
	Piers 26 Bulkhead Bldg.	$2.25 - 2.50	$2.00 - 2.25
	Pier 28 Bulkhead Bldg.	$2.00 - 2.00	$1.25 - 1.75
	Piers 50 Bulkhead Bldg.	$1.80 - 2.30	$1.55 - 2.05
	Pier 54 Office	$1.50 1.75	$1.25 1.40
	Pier 70, Building 11	$0.95 - 1.25	$0.95 - 1.25
	501 Cesar Chavez	$1.60 - 1.80	$1.25 - 1.50
	Pier 96 Admin. Bldg.	$1.25 - 1.50	$0.75 - 1.50
	Pier 96 Gate House Bldg.	$1.25 - 1.50	$0.75 - 1.25
OFFICE STORAGE	All Facilities	$0.90 - 0.90	$0.90 - 0.90
INDUSTRIAL SHED USES:			
INDUSTRIAL GROSS LEASES:	NORTHEAST WATERFRONT		
	Pier 2	$0.40 - 0.40	$0.40 - 0.40
	Pier 9	$1.00 - 1.00	$1.00 - 1.00
	Pier 17 – 45 (excludes 27/29)	$0.70 - 1.00	$0.70 - 0.75
	Pier 27/29/31	$0.70 - 0.80	$0.70 - 0.75

EXHIBIT A

TYPE OF USE & TYPE OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
	SOUTH BEACH/CHINA BASIN		
	Pier 24 Annex	$0.40 0.40	$0.40 0.40
	Piers 26-28	$0.75 - 1.00	$0.75 - 1.00
	Piers 48	$0.75 - 1.10	$0.75 - 0.85
	Pier 50-54 1/2	$0.75 - 1.10	$0.75 - 1.10
	SOUTHERN WATERFRONT		
	SWLs 343 & 354	$0.60 - 0.75	$0.60 - 0.75
	Pier 80	$0.60 - 0.75	$0.60 - 0.75
	Pier 92 & SWLs 344 & 349	$0.60 - 0.71	$0.60 - 0.71
	Pier 96 M & R	$0.65 - 0.70	$0.60 - 0.65
OPEN LAND AND PIER SPACE USES:			
INDUSTRIAL GROSS LEASES: "PORT STANDARD NET LEASE"	NORTHEAST WATERFRONT	$0.25 - 0.30	$0.20 - 0.30
	SOUTH BEACH/CHINA BEACH	$0.25 - 0.30	$0.20 - 0.30
	SOUTHERN WATERFRONT	$0.25 - 0.30	$0.20 - 0.30
FISHING INDUSTRY USES:			
INDUSTRIAL GROSS LEASES:	FISH WHOLESALING & PROCESSING SPACE		
	Improved Fish Processing Space		
	Pier 45 Sheds	$0.75 - 0.80	$0.75 - 0.80
	Second floor warehouse	$0.35 - 0.40	$0.35 - 0.40
	Pier 45 Office	$1.00 - 1.50	$1.00 - 1.00
	Sheds		
	Pier 33	$0.75 - 0.80	$0.70 - 0.70
	699 Illinois	$0.75 - 0.80	$0.70 - 0.70
	Aprons	$0.20 - 0.20	$0.20 - 0.20
LICENSES:	FISHING GEAR STORAGE	$0.20 - 0.20	$0.20 - 0.20

* The range in rental rates is provided as an example of the minimum rental rates for different space in the building (ie. higher rates for higher floors). It is not, and should not be construed as, a cap or maximum rental rate for such space.

* Minimum Net Effective Rents are rents that reflect the application of rent credits for new paint and carpet. The Minimum Net Effective Rates reflect the amortization of rent credits provided by Port over the term of the lease.

Exhibit B

CBRE
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San Francisco Market

OFFICE REPORT

FIRST QUARTER 2008

Submarkets	NRA	Total Vacancy Rate[1]	Total Availability Rate	Total Direct Available	Total Sublease Available	Average Asking Rate[2]	Q1 Net Absorption	Y-T-D Net Absorption
Financial District	**27,160,376**	**8.8%**	**11.9%**	**2,540,955**	**685,612**	**$47.58**	**(272,688)**	**(272,688)**
Class A	20,161,572	8.3%	11.3%	1,816,674	458,835	$51.00	(277,580)	(277,580)
Class B	6,261,221	11.0%	14.7%	690,518	226,777	$39.00	10,054	10,054
Class C	737,583	4.6%	4.6%	33,763	0	$27.00	(5,162)	(5,162)
South Financial District	**20,185,328**	**7.6%**	**11.7%**	**1,999,571**	**360,347**	**$45.27**	**(96,368)**	**(96,368)**
Class A	16,301,341	7.5%	12.1%	1,659,994	314,729	$48.00	(96,323)	(96,323)
Class B	2,946,384	8.8%	11.3%	289,770	42,468	$36.00	30,550	30,550
Class C	937,603	5.0%	5.6%	49,807	3,150	$27.00	(30,595)	(30,595)
CBD	**47,345,704**	**8.3%**	**11.8%**	**4,540,526**	**1,045,959**	**$46.60**	**(369,056)**	**(369,056)**
Class A	36,462,913	8.0%	11.7%	3,476,668	773,564	$49.66	(373,903)	(373,903)
Class B	9,207,605	10.3%	13.6%	980,288	269,245	$38.04	40,604	40,604
Class C	1,675,186	4.8%	5.2%	83,570	3,150	$27.00	(35,757)	(35,757)
North Waterfront/Jackson Sq	**4,806,266**	**8.4%**	**11.9%**	**513,328**	**59,248**	**$37.19**	**(45,417)**	**(45,417)**
Class A	1,392,159	10.5%	13.2%	176,030	7,512	$46.50	(7,147)	(7,147)
Class B	2,731,743	7.4%	11.9%	272,825	51,236	$33.50	(10,098)	(10,098)
Class C	682,364	8.1%	9.5%	64,473	500	$33.00	(28,172)	(28,172)
Rincon/South Beach	**2,741,902**	**10.1%**	**12.7%**	**309,737**	**39,680**	**$41.25**	**70,371**	**70,371**
Class A	1,191,326	4.1%	9.4%	72,580	39,680	$45.00	61,230	61,230
Class B	1,336,076	12.5%	13.2%	176,657	0	$40.00	9,141	9,141
Class C	214,500	28.2%	28.2%	60,500	0	$28.25	0	0
Yerba Buena	**3,260,036**	**6.3%**	**18.8%**	**600,600**	**13,872**	**$35.57**	**(84,065)**	**(84,065)**
Class A	526,015	3.8%	3.8%	19,754	0	$47.50	0	0
Class B	2,262,216	4.0%	22.1%	494,346	6,372	$35.00	(15,476)	(15,476)
Class C	471,805	19.9%	19.9%	86,500	7,500	$25.00	(68,589)	(68,589)
South of Market	**2,613,337**	**5.0%**	**31.7%**	**781,484**	**47,859**	**$32.37**	**20,203**	**20,203**
Class A	500,250	2.6%	2.6%	13,129	0	$38.00	11,403	11,403
Class B	1,416,267	3.4%	52.6%	697,000	47,859	$34.00	5,300	5,300
Class C	696,820	10.1%	10.2%	71,355	0	$25.00	3,500	3,500
Multimedia Gulch	**3,529,583**	**14.7%**	**19.9%**	**494,406**	**206,705**	**$38.04**	**5,960**	**5,960**
Class A	1,293,060	24.1%	28.5%	285,076	83,301	$40.00	8,209	8,209
Class B	1,636,814	11.1%	18.6%	189,866	115,380	$38.25	410	410
Class C	599,709	4.6%	4.6%	19,464	8,024	$33.25	(2,659)	(2,659)
Mission Bay/China Basin	**1,206,000**	**4.4%**	**19.5%**	**234,958**	**0**	**$58.00**	**(10,672)**	**(10,672)**
Class A	1,206,000	4.4%	19.5%	234,958	0	$58.00	(10,672)	(10,672)
Potrero Hill	**2,068,709**	**15.3%**	**16.5%**	**293,925**	**46,654**	**$34.87**	**11,113**	**11,113**
Class A	257,109	13.6%	13.6%	34,841	0	$37.50	7,525	7,525
Class B	1,263,745	20.6%	22.5%	237,849	46,654	$35.25	24,823	24,823
Class C	547,855	3.9%	3.9%	21,235	0	$32.75	(21,235)	(21,235)
Civic Center/Van Ness	**3,151,137**	**7.2%**	**10.7%**	**256,891**	**79,650**	**$31.05**	**7,645**	**7,645**
Class A	942,874	8.9%	11.5%	106,623	1,534	$35.00	7,118	7,118
Class B	1,512,217	8.5%	14.2%	136,214	78,116	$30.00	527	527
Class C	696,046	2.0%	2.0%	14,054	0	$28.00	0	0
Union Square	**3,776,028**	**11.7%**	**13.7%**	**491,630**	**24,845**	**$36.54**	**(47,727)**	**(47,727)**
Class A	243,840	6.9%	10.9%	19,597	6,882	$42.50	3,690	3,690
Class B	2,452,624	12.3%	14.3%	345,429	17,963	$38.50	(42,634)	(42,634)
Class C	1,079,564	11.3%	11.7%	126,604	0	$30.75	(8,783)	(8,783)
San Francisco Office Market	**74,498,702**	**8.7%**	**13.5%**	**8,517,485**	**1,564,472**	**$43.10**	**(436,933)**	**(436,933)**
Class A	44,015,546	8.3%	12.2%	4,439,256	912,473	$48.79	(290,084)	(290,084)
Class B	23,819,307	9.8%	17.5%	3,530,474	632,825	$36.50	12,187	12,187
Class C	6,663,849	8.2%	8.5%	547,755	19,174	$29.05	(159,036)	(159,036)

1 Total Vacancy Rate = Direct Vacancy Rate + Sublet Vacancy Rate
2 Direct Lease Rates, Full Service Gross.
- CBD consists of Financial District and South Financial District submarkets

CBRE
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Port of San Francisco

Active Office Rental Transactions Effective May 1, 2007 to April 18, 2008

Company Name	Leasehold Name	Contract #	Facility	Eff Date	Exp Date	Sqft	Rate/SF	Lshld Type	Class
FERRY PLAZA									
San Francisco International Children's Games, 2008	101 The Embarcadero, Agriculture Bldg, Ste 208	L-14523	2780	03/13/08		536	2.50	OFFICE-FS	Class C
Waterfront Container Leasing Company, Inc	AG. Bldg #214 & 215	L-14402	2780	09/01/07	08/31/12	451	2.10	OFFICE-FS	Class C
				Avg Mo Rental Rate			2.30		
NORTHERN WATERFRONT									
Peletz & Company	98 Lombard @ Roundhouse Two	L-14403	3180	08/01/07	07/31/09	1,106	2.30	OFFICE-FS	Class B
Garcia Francica	10 Lombard - Parcel A - Ste 150	L-14446	3180	09/01/07	08/31/10	2,298	2.30	OFFICE-FS	Class B
The Rosenberg Company	10 Lombard, Suite 250	L-14471	3180	01/01/08	12/31/09	2,127	2.30	OFFICE-FS	Class B
Jones & Stokes Associates, Inc	10 Lombard Street, Suite 300	L-14433	3180	02/01/08	01/31/12	7,477	2.30	OFFICE-FS	Class B
				Avg Mo Rental Rate			2.30		
Centered Networks, Inc.	Pier 33 1/2, Suite 201	L-14512	1335	02/15/08	02/14/09	871	2.95	OFFICE-NET	Class B
Architects, Planners and Conservators, Inc.	Pier 9, Suite 103	L-14413	1090	09/17/07	03/31/09	564	2.75	OFFICE-NET	Class B
VoxPop Network Corporation	Pier 9, Suite 116	L-14322	1090	05/01/07	04/30/08	3,333	2.62	OFFICE-NET	Class B
E-PFR Technologies, Inc.	Pier 33 North, Mezzanine space	L-14285	1335	07/01/07	06/30/12	200	2.25	OFFICE-NET	Class B
E-PFR Technologies, Inc.	Pier 33 North, Office Space	L-14285	1335	07/01/07	06/30/12	432	2.25	OFFICE-NET	Class B
Festival Network	Pier 35, Ste 201	L-14493	1351	01/21/08	01/20/11	3,373	2.25	OFFICE-NET	Class B
				Avg Mo Rental Rate			2.51		
BCCI Construction Co	Pier 15/17 Valley Office	14468	1155	09/14/07	06/30/08	1,579	2.00	OFFICE-NET	Class C
TCHO Ventures, Inc.	Parcel C - Pier 17 Bulkhead Office Space	L-14432	1170	12/18/07	12/31/08	235	1.85	OFFICE-NET	Class C
TCHO Ventures, Inc.	Parcel A - Pier 17 Bulkhead Office Space	L-14432	1170	12/18/07	12/31/08	4,263	1.85	OFFICE-NET	Class C
San Francisco Soccer	Pier 27 Admin. Bldg. #102	L-14439	2275	10/04/07	10/03/08	162	1.35	OFFICE-NET	Class C
CB2 Builders, Inc.	Pier 27 Admin. Bldg. Ste 206	L-14278	2275	08/01/07	06/30/08	2,429	1.35	OFFICE-NET	Class C
Becker Construction	Pier 27, Admin Bldg Ste 203	L-14279	2275	05/04/07	05/03/08	198	1.25	OFFICE-NET	Class C
				Avg Mo Rental Rate			1.61		
SOUTH BEACH									
Shell Cellar Direct Import	Pier 28, Parcel A - Bulkhead Office	L-14367	1280	05/22/07	05/21/10	747	2.45	OFFICE-NET	Class C
Land and Sea Restaurants	Pier 26 Office	L-14323	1260	06/13/07	05/31/12	1,257	2.25	OFFICE-NET	Class C
IDEO Product Development, Inc.	Pier 28 - South, 2nd Fl Bulkhead Office	L-14467	1280	10/01/07	09/30/08	1,831	2.25	OFFICE-NET	Class C
Shelton Theater LLC	Pier 26 Office	L-14311	1260	05/01/07	04/30/10	2,101	2.20	OFFICE-NET	Class C
				Avg Mo Rental Rate			2.29		
SOUTHERN WATERFRONT									
Cappa & Graham, Inc.	Pier 50, Admin Bldg., Ste 200 (waterside)	L-14385	2505	07/01/07	01/31/10	2,302	2.15	OFFICE-FS	Class C
Cappa & Graham, Inc.	Pier 50, Admin Bldg., Ste 128 (streetside)	L-14385	2505	07/01/07	01/31/10	578	2.10	OFFICE-FS	Class C
				Avg Mo Rental Rate			2.13		
R. Cunningham & Co, Inc	Pier 54 Suite 211	L-14422	1540	07/01/07	01/09/09	157	3.00	OFFICE-NET [1]	Class C
R. Cunningham & Co, Inc	Pier 54 Suite 209	L-14422	1540	07/01/07	01/09/09	453	3.00	OFFICE-NET [1]	Class C
Geocell System, Inc	Pier 54 Suites 201	L-14424	1540	07/01/07	11/06/08	148	2.75	OFFICE-NET [1]	Class C

Port of San Francisco

Active Office Rental Transactions Effective May 1, 2007 to April 18, 2008

Company Name	Leasehold Name	Contract #	Facility	Eff Date	Exp Date	Sqft	Rate/SF	Lshld Type	Class
Geocell System, Inc	Pier 54 Suites 203	L-14424		07/01/07	11/06/08	158	2 75	OFFICE-NET [1]	Class C
Geocell System, Inc.	Pier 54 Suites 206	L-14424	1540	07/01/07	11/06/08	190	2 75	OFFICE-NET [1]	Class C
Geocell System, Inc	Pier 54 Suites 205	L-14424	1540	07/01/07	11/06/08	211	2 75	OFFICE-NET [1]	Class C
Geocell System, Inc.	Pier 54 Suites 202	L-14424	1540	07/01/07	11/06/08	263	2 75	OFFICE-NET [1]	Class C
CES Controlled Environmental Services, Inc.	Pier 54, Suite 103	L-14421	1540	11/21/07	11/20/08	172	2 50	OFFICE-NET [1]	Class C
Fibrwrap Construction, Inc	Pier 50 Shed B, Parcel A Office	L-14415	1500	01/16/08	01/15/10	1,095	2 00	OFFICE-NET [1]	Class C
Bay Area Handpicked Cars, LLC	Pier 54, Suite 204	L-14419	1540	09/17/07	09/16/08	142	1 88	OFFICE-NET	Class C
Diamond Freight System, Inc	Pier 50, Shed A, Parcel A	L-14481	1500	02/15/08	02/14/13	681	1 25	OFFICE-NET	Class C
Hasbun, Gabriela	Pier 70, Bldg. #11, Suites 218 & 220	L-14391	3491	08/01/07	07/31/08	1,480	1 10	OFFICE-NET	Class C
Crosslink, Inc.	Parcel C - Maritime Office	L-14399	1500	01/01/08	06/30/20	256	1 00	OFFICE-NET	Class C
Crosslink, Inc.	Parcel B - Maritime Office	L-14399	1500	01/01/08	06/30/20	486	1 00	OFFICE-NET	Class C
Crosslink, Inc.	Parcel A - Maritime Office	L-14399	1500	01/01/08	06/30/20	3,089	1 00	OFFICE-NET	Class C
Hua, Phillip T.	Pier 70, Bldg. #11, Suite 305	L-14390	3491	07/01/07	06/30/08	1,008	1 00	OFFICE-NET	Class C
					Avg Mo Rental Rate		2.03		

[1] Rate includes utilities only.

Port of San Francisco

Active Warehouse Rental Transactions Effective May 1, 2007 to April 18, 2008

Company Name	Leasehold Name	Contract #	Facility	Eff Date	Exp Date	Sqft	Rate/SF	Lshld Type	Class
NORTHERN WATERFRONT									
SFCC Municipal Transportation Agency	Pier 17	M-14396	1170	09/01/07	08/31/10	30,625	0.70	SHED	Class C
Becker Construction	Pier 27, Admin Bldg Ste 204	L-14279	2275	05/04/07	05/03/08	238	0.77	SHED	Class C
TCHO Ventures, Inc.	Parcel B - Pier 17 Bulkhead Storage Space	L-14432	1170	12/18/07	12/31/08	254	0.70	SHED	Class C
TCHO Ventures, Inc.	Parcel D - Pier 17 Shed Space	L-14432	1170	12/18/07	12/31/08	19,495	0.70	SHED	Class C
De Rothschild, David	Pier 31, Shed	14533	1310	04/04/08	09/30/08	6,300	0.70	SHED	Class C
E.A.N. Corporation	Pier 33, Shed Bays 19-25	L-14400	1330	07/16/07	07/15/08	3,690	0.70	SHED	Class C
				Avg Mo Rental Rate			0.71		
SOUTH BEACH									
Dust Free, Inc.	Pier 28, Bay 39	L-14511	1280	03/03/08	03/02/10	1,100	1.15	SHED	Class C
Shell Cellar Direct Import	Pier 28, Parcel B - Storage Space	L-14367	1280	05/22/07	05/21/10	577	1.10	SHED	Class C
Land and Sea Restaurants	Pier 26 Storage	L-14323	1260	06/13/07	05/31/12	976	1.00	SHED	Class C
SFCC Dept. of Elections	Pier 48 Shed B	M-14290	1480	01/01/08	12/31/11	86,954	0.77	SHED	Class C
Fine Line Group, Inc.	Pier 26 Bay 83	L-14366	1260	06/20/07	06/19/09	200	0.75	SHED	Class C
Saggers, Keith R	Pier 26, Bay 75	L-14375	1260	10/15/07	10/14/09	913	0.75	SHED	Class C
Land and Sea Restaurants	Pier 26 Shed	L-14323	1260	06/13/07	05/31/12	4,265	0.70	SHED	Class C
Laritas Inc.	Pier 26, Bays 41-45	L-14326	1260	08/01/07	07/31/10	2,727	0.70	SHED	Class C
Bay Cities Painters & Decorators	Pier 28, Shed Space	L-14359	1280	09/01/07	08/31/12	5,580	0.68	SHED	Class C
Pilara Family Foundation	Pier 24 Annex Shed Space	L-14414	1245	12/01/07	05/31/15	27,311	0.40	SHED	Class C
				Avg Mo Rental Rate			0.80		
SOUTHERN WATERFRONT									
Skyline Commercial Interiors, Inc.	Pier 50, Shed B; Bays 55-61	L-14447	1500	09/17/07	09/16/10	3,286	0.85	SHED	Class C
Diamond Freight System, Inc.	Pier 50, Shed A, Parcel C	L-14481	1500	02/15/08	02/14/13	1,642	0.79	SHED	Class C
Diamond Freight System, Inc.	Pier 50, Shed A, Parcel D	L-14481	1500	02/15/08	02/14/13	1,642	0.79	SHED	Class C
Diamond Freight System, Inc.	Pier 50, Shed A, Parcel B	L-14481	1500	02/15/08	02/14/13	2,464	0.79	SHED	Class C
Adina For Life, Inc.	Pier 50, Shed A, Bays 36-46	L-14412	1500	07/15/07	07/14/08	8,800	0.75	SHED	Class C
Fibrwrap Construction, Inc.	Pier 50 Shed B, Parcel B Bays 3-9	L-14415	1500	01/16/08	01/15/10	3,077	0.75	SHED	Class C
Maritol Ltd	Parcel A - Shed Parking & Storage	L-14495	1500	02/01/08		3,469	0.75	SHED	Class C
Geocell System, Inc.	Pier 54 Shed H	L-14424	1540	07/01/07	11/06/08	2,985	0.75	SHED	Class C
Bode Gravel Co	Pier 90, Shed Space	L-14416	1900	09/01/07	08/31/09	1,200	0.75	SHED	Class C
B & A Body Works/Towing Inc	SWL 349 - shed	L-14330	3490	05/09/07	10/31/07	6,255	0.70	SHED	Class C
Crosslink, Inc.	Parcel D - Shed Space	L-14399	1500	01/01/08	06/30/20	19,574	0.60	SHED	Class C
				Avg Mo Rental Rate			0.75		

Port of San Francisco
Active Land Rental Transactions Effective May 1, 2007 to April 18, 2008

Company Name	Leasehold Name	Contract #	Facility	Eff Date	Exp Date	Sqft	Mo Min Rent	Rate/SF	Lshld Type
Northern Waterfront									
San Francisco Soccer	Pier 29, Paved Land	L-14401	1290	06/30/07	06/29/08	21,230.00	4,246.00	0.20	LAND
						Avg Mo Rental Rate		0.20	
Southern Waterfront									
Literacy For Environmental Justice	Heron's Head Park Living Classroon	13816	1980	12/07/07	12/06/17	2,292.00	458.40	0.20	LAND
Hathaway Dinwiddie Construction Company, Inc.	SWL 343, Paved Space	14486	3430	11/14/07	10/31/08	3,362.00	840.50	0.25	LAND
Hathaway Dinwiddie Construction Company, Inc.	SWL 343, Paved Space	L-14490	3430	11/15/07		29,598.00	7,399.50	0.25	LAND
Sims Group USA Corporation	Seawall Lot 349 Paved Access Roa	L-14387	3490	07/01/07	06/30/08	12,123.00	2,545.83	0.21	LAND
San Francisco Bay Railroad, Inc.	Parcel A - Office & Employee Parkin	L-14397	6020	01/01/08	12/31/18	1,200.00	240.00	0.20	LAND
						Avg Mo Rental Rate		0.22	

EXHIBIT D

2008-09 MININUM MONTHLY RENTAL RATE SCHEDULE[+]

TYPE OF USE & TYPE OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
OFFICE SPACE USES:			
FULL SERVICE GROSS LEASES:	CLASS B		
	Roundhouse Plaza	$2.45 - 2.95	$2.20 - 2.75
	CLASS C		
	Agriculture Building		
	Window Office	$2.40 - 2.60	$2.20 - 2.55
	Interior Office	$1.50 - 2.00	$0.98 - 1.48
	401 Terry Francois	$2.35 - 2.60	$2.00 - 2.75
	696 Amador	$1.75 - 1.80	$1.50 - 1.60
NET LEASES:	CLASS B		
	Pier 9 Bulkhead Bldg.	$2.75 - 3.00	$2.40 - 2.90
	Pier 9 Pier Offices	$2.75 - 3.00	$2.40 - 2.90
	Pier 26 Annex Bldg.	$2.50 - 2.90	$2.40 - 2.90
	Pier 33-35 Bulkhead Bldg.	$2.50 - 2.75	$2.25 - 2.50
	CLASS C		
	Piers 15-19 Bulkhead Bldgs.	$1.85 - 2.00	$1.85 - 1.75
	Pier 27 Admin. Bldg.	$1.35 - 1.60	$1.35 - 1.44
	Pier 29 Annex Bldg.	$1.35 - 1.60	$1.35 - 1.44
	490 Jefferson St.	$1.95 - 2.25	$1.95 - 2.25
	Piers 26 Bulkhead Bldg.	$2.50 - 2.75	$2.00 - 2.25
	Pier 28 Bulkhead Bldg.	$2.50 - 2.75	$1.25 - 1.75
	Piers 50 Bulkhead Bldg.	$2.00 - 2.30	$1.95 - 2.25
	Pier 54 Office	$1.50 1.75	$1.25 1.40
	Pier 70, Building 11	$1.10 - 1.25	$1.00 - 1.20
	501 Cesar Chavez	$1.80 - 1.80	$1.50 - 1.60
	601 Cesar Chavez	$1.00 - 1.25	$0.90 - 1.05
	Pier 96 Admin. Bldg.	$1.35 - 1.60	$01.25 - 1.50
	Pier 96 Gate House Bldg.	$1.25 - 1.50	$0.75 - 1.25
OFFICE STORAGE	All Facilities	$1.10 - 1.10	$1.10 - 1.10
INDUSTRIAL SHED USES:			
INDUSTRIAL GROSS LEASES:	NORTHEAST WATERFRONT		
	Pier 9	$1.25 - 1.25	$1.25 - 1.25
	Pier 17 – 45	$0.75 - 1.00	$0.70 - 0.75
	Pier 27/29/31	$0.75 - 0.80	$0.75 - 0.80

	SOUTH BEACH/CHINA BASIN		
	Pier 24 Annex	$0.45 - 0.45	$0.45 - 0.45
	Piers 26-28	$0.80 - 1.00	$0.80 - 1.00
	Piers 48	$0.85 - 1.10	$0.85 - 0.85
	Pier 50-54 1/2	$0.80 - 1.10	$0.80 - 1.10
TYPE OF USE & TYPE OF LEASE	**CLASS & LOCATION OF FACILITY/SPACE**	**MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.**	**MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.***
	SOUTHERN WATERFRONT		
	SWLs 343 & 354	$0.75 - 0.85	$0.80 - 0.75
	Pier 80	$0.75 - 0.85	$0.80 - 0.75
	Pier 92 & SWLs 344 & 349	$0.75 - 0.85	$0.80 - 0.75
	Pier 96 M & R	$0.75 - 0.85	$0.80 - 0.75
OPEN LAND AND PIER SPACE USES:			
INDUSTRIAL GROSS LEASES: "PORT STANDARD NET LEASE"	UNPAVED LAND	$0.26 - 0.30	$0.26 - 0.30
	PAVED LAND	$0.28 - 0.32	$0.28 - 0.32
	IMPROVED LAND	$0.30 - 0.34	$0.30 - 0.34
FISHING INDUSTRY USES:			
INDUSTRIAL GROSS LEASES:	FISH WHOLESALING & PROCESSING SPACE		
	Improved Fish Processing Space		
	Pier 45 Sheds	$0.80 - 0.85	$0.75 - 0.80
	Second floor warehouse	$0.40 - 0.45	$0.35 - 0.40
	Pier 45 Office	$1.10 - 1.50	$1.05 - 1.25
	Sheds		
	Pier 33	$0.80 - 0.85	$0.75 - 0.75
	699 Illinois	$0.75 - 0.80	$0.70 - 0.70
	Aprons	$0.25 - 0.25	$0.25 - 0.25
LICENSES:	FISHING GEAR STORAGE	$0.22 - 0.22	$0.22 - 0.22

[+] The range in rental rates is provided as an example of the minimum rental rates for different space in the building (ie. higher rates for higher floors). It is not, and should not be construed as, a cap or maximum rental rate for such space.

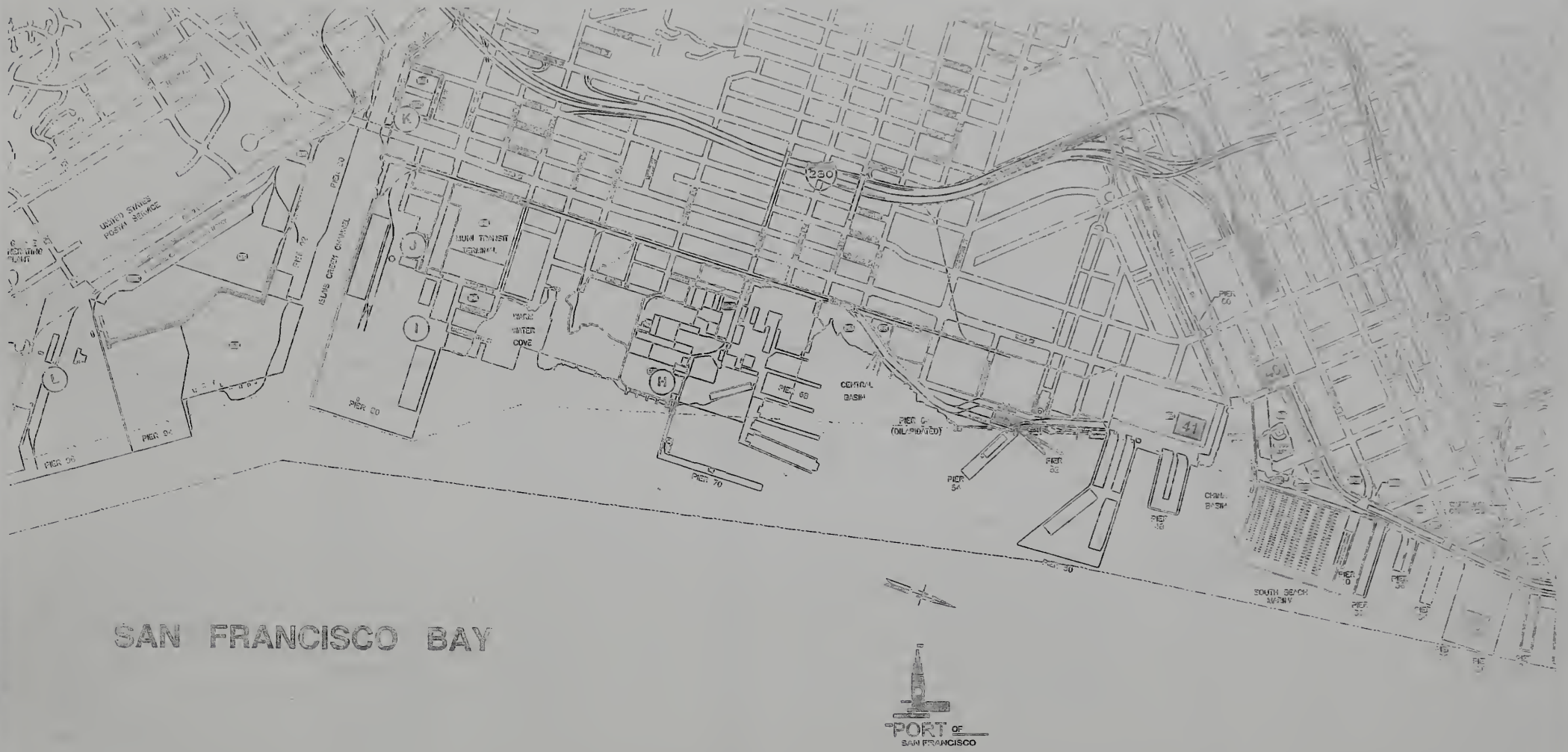
* Minimum Net Effective Rents are rents that reflect the application of rent credits for new paint and carpet. The Minimum Net Effective Rates reflect the amortization of rent credits provided by Port over the term of the lease.

○ Port-managed Parking Facilities

▬ Other Parking Facilities located in the Vicinity

A SWL 303
B SWL 302
C Wharf J3
D Pier 45 Shed C
E Pier 9
F SWL 324
G Agriculture Building

1 Beach & Hyde Garage
2 Anchorage Shopping Ctr Garage
3 Fisherman's Wharf Parking
4 401 Beach / Jones & Taylor
5 350 Beach / Taylor & Mason
6 Longshoremen's Hall Parking Lot
7 Cost Plus Parking Garage
8 North Point Shoping Ctr Garage
9 Triangle Parking Lot
10 Franciscan Parking Lot
11 Pier 39 Garage
12 2300 Stockton & Grant
13 Imperial Parking Lot 20
14 Bay / Embarcadero & Kearny
15 80 Francisco Garage
16 55 Francisco Garage
17 Pier 27 Apron & Piers 27/29 Valley
18 Pier 17 Marginal Wharf
19 Pier 15 Valley
20 SWL 321
21 Vallejo / Embarcadero
22 50 Broadway / Embarcadero
23 Davis / Broadway & Velejo
24 Front / Broadway & Vallejo
25 347 Front Street
26 750 Front / Broadway & Pacific
27 750 Battery / Broadway
28 900 Sansome / Broadway
29 935 Sansome / Broadway & Vallejo
30 825 Sansome / Pacific & Broadway
31 350 Pacific / Battery & Sansome
32 768 Sansome / Pacific & Jackson
33 Golden Gateway Garage
34 Embarcadero Center Garage
35 Pier 3 Hornblower Yachts Parking Lot
36 SWL 351 Ferry Bldg Investors Parking Lot
37 Pier 1/2 Ferry Bldg Investors Parking Lot
38 1 Market
39 75 Howard / Steuart & Spear



PORT OF SAN FRANCISCO

○ Port-managed Parking Facilities

▭ Other Parking Facilities located in the vicinity

H SWL 349
I Pier 80
J Pier 80 Admin Building
K Pier 84
L Pier 96

40 China Basin Landing Garage
41 Giants Parking Lot A
42 Imperial Parking Lot 20
43 Imperial Parking Lot 30

PARKING RATES SURVEY
(As of May 1, 2008)

	Location	Operator	Phone #	Monthly Parking						Daily Parking	Hourly Parking	
				Reserved	Non-reserved	Vacancy	In/Out Privilege	Days / Week	Hour			
1	Beach & Hyde Garage 655 Beach / Leavenworth & Hyde	Propark America	673-1735	--	--	--	--	--	--	$19 (Mon - $21 (Sat/Sun)	$1.75 /	
2	Anchorage Shopping Center Garage 500 Beach / Jones & Leavenworth	Ace Parking	440-2407	$275	$150	Yes	Yes	7 days	24 hours	$32	$6 /hr	
3	Fisherman's Wharf Parking 273 Jefferson / Beach & Jones	Wharf Properties, Inc.	885-4884	--	--	--	--	--	--	$12-14 (Mon - Fri) $20-24 (Sat/Sun)	$3 /30 mins	
4	401 Beach / Jones & Taylor	Nunzio Corp		--	--	--	--	--	--	$10 (Mon - Thu) $15 (Fri - Sun)		
5	350 Beach / Taylor & Mason	Imperial Parking	227-0114	--	$120	Yes	Yes	7 days	24 hours	$20 (in after 6 am) $8 (in before 6 am)	$4 /h	
6	Longshoremen's Hall Parking Lot North Point / Mason & Taylor	City Park	495-3909	--	--	--	--	--	--	$10 (Mon -Fri) $20 (Sat/Sun)	--	
7	Cost Plus Parking Garage Taylor / North Point	City Park	441-6932	--	$165	No	Yes	7 days	7 am - 10 pm	$15	$2 /30 mins	
8	North Point Shoping Center Garage 350 Bay / Powell & Mason	Imperial Parking	227-0114	--	$145 $170	No No	Yes Yes	Mon -Fri 7 days	24 hours	$20 (Mon -Fri) $30 (Sat/Sun)	$4 /hr Mon -Fri $5 /hr Sat/Sun	
9	Triangle Parking Lot 2860 Taylor / Jefferson	City Park	558-9147	--	--	--	--	--	--	$28	$2 /30 mins	
10	Franciscan Parking Lot Pier 43-1/2	Central Parking	317-4900	--	$190	Yes	Yes	7 days	24 hours	$15 (Mon -Fri) $20 (Sat/Sun)	--	
11	Pier 39 Garage Embarcadero / Stockton	Ampco System	705-5500	--	$195	Yes	Yes	7 days	24 hours	$35	$7 /h	
12	2300 Stockton & Grant	Super Parking	771-6374	--	$300	No	Yes	7 days	8 am - 10 pm	$20	--	
13	Imperial Parking Lot 20 2210 Stockton	Imperial Parking	227-0114	--	$160 $135	No No	Yes Yes	7 days Mon -Fri	24 hours 6 am - 11 pm	$13 (Mon -Fri), $15 (Sat/Sun) $9 (in before 9:30 am)	--	
14	Bay / Embarcadero & Kearny	Central Parking	317-4900	--	$225	No	Yes	7 days	24 hours	$20 (in after 8 am) $15 (in before 8 am)	--	
15	30 Francisco Garage	City Park	398-4162	$275	$225	Yes	Yes	7 days	24 hours	$15	$2 /20 mins	
16	55 Francisco Garage	Ace Parking	398-0208	$275	$225	Yes	Yes	7 days	24 hours	$15 (in after 9 am) $12 (in before 9 am)	$2 /20 mins	
17	Pier 27 Apron & Piers 27/29 Valley	Central Parking	317-4900	--	$230	Yes	Yes	7 days	24 hours	$13	--	
18	Pier 17 Marginal Wharf	Central Parking	317-4900	--	$240	No	Yes	Mon -Fri	24 hours	$14	--	
19	Pier 15 Valley	Central Parking	317-4900	--	$200	No	Yes	7 days	24 hours	$14	--	
20	SWL 321 Green / Front	Central Parking	317-4900	--	$300	No	Yes	Mon -Fri	24 hours	$18	--	
21	Vallejo / Embarcadero	Central Parking	317-4900	--	$300	Yes	Yes	Mon -Fri	24 hours	$16	--	
22	50 Broadway / Embarcadero	Central Parking	317-4900	--	$260	Yes	Yes	Mon -Fri	24 hours	$16	--	
23	Davis / Broadway & Vallejo	West Coast Parking	408-592-3063	--	$250	Yes	No	7 days	24 hours	$13	--	
24	Front / Broadway & Vallejo	Pacific Park Mgmt	722-9860	--	$230	Yes	Yes	7 days	24 hours	$15	--	
25	84 Front Street Front / Broadway & Vallejo	California Parking	468-4860	--	$299.50 $269.75	Yes Yes	Yes No	Mon -Fri	6:30 am - 8 pm	$16	$2.50 /30 mins	

PARKING RATES SURVEY
(As of May 1, 2008)

	Location	Operator	Phone #	Monthly Parking						Daily Parking	Hourly Parking	Covered / Uncovered
				Reserved	Non-reserved	Vacancy	In/Out Privilege	Days / Week	Hour			
[illegible]	[illegible] Front / Broadway & Pacific	City Park	399-9783	--	$325.00	No	Yes	Mon -Fri	6 am - 6 pm	$16	$2.50 /20 mins	Covered
27	[illegible] Battery / Broadway	Ampco System	956-8148	--	$320.00	No	Yes	Mon -Fri	7 am - 7 pm	$18 (in after 9:30 am) $15 (in before 9:30 am)	$2.50 /20 mins	Covered
[illegible]	[illegible] Sansome / Broadway	Liberty Parking Mgmt	650-342-3010	--	$350.00 $280.00	Yes Yes	Yes Yes	7 days Mon -Fri	24 hours 6 am - 9 pm	$18 (in before 11 am) - 9 pm $14 (in before 11 am) - 7 pm	$2.50 /20 mins	Covered
29	550 Sansome / Broadway & Vallejo	US Parking	546-1492	--	$320	Yes	Yes	7 days	24 hours	$18 (in after 9 am) $15 (in before 9 am)	$7.50 (1 hr) $18 (2 hrs)	Uncovered
30	[illegible]3 Sansome / Pacific & Broadway	Central Parking	317-4900	--	$340	Yes	Yes	Mon -Fri	6:30 am - 8 pm	$22 (in after 10 am) $18 (in before 10 am)	$2.50 /15 mins	Covered
[illegible]	35[illegible] Pacific / Battery & Sansome	Central Parking	317-4900	--	$295	Yes	Yes	7 days	7 am - 6 pm	$20	$2.50 /20 min	Uncovered
32	[illegible]5 Sansome / Pacific & Jackson	California Parking	468-4860	$395 --	-- $345	Yes Yes	Yes No	7 days	24 hours	$24	$2.50 /20 mins	Uncovered
33	Golden Gateway Garage [illegible]50 Clay / Battery & Front	Five Star Parking	433-4722	$500	$390	No	Yes	Mon -Fri Sat/Sun	4 am - 12 am various	$30 (in after 10 am) $18 (in before10 am) - 10 pm	$6 /hr	Covered
[illegible]	Embarcadero Center Garage Buildings 1, 2, 3 & 4	Ampco System	772-0670	$650 tenants only	$410 tenants $435 non-tenants	Yes	Yes	7 days	24 hours	$30	$3 /15 mins	Covered
35	Pier 3 Hornblower Yachts Parking Lot	Hornblower Yachts	788-8866	--	$325	No	Yes	Mon -Fri	6 am - 6 pm	$20	$5 /hr	Uncovered
36	Ferry Bldg Investors Parking Lot SWL 51 / Embarcadero & Washington	Ace Parking		--	--	--	--	--	--	$50	$6.50 /hr	Uncovered
37	Ferry Bldg Investors Parking Lot Pier 1/2	Ace Parking		--	--	--	--	--	--	$50	$6.50 /hr	Uncovered
38	[illegible] Market	Ace Parking	777-2292	$600	$475	No	Yes	7 days	24 hours	$39	$3 /15 mins	Covered
39	75 Howard / Steuart & Spear	Ace Parking	543-2214	$435	$365	Yes	Yes	7 days	24 hours	$29 (in after 8:30 am) $18.50 (in before 8:30 am)	$12 /hr	Covered
40	China Basin Landing Garage Sixth Street / Berry	Ace Parking	625-0755	--	$275	Yes	Yes	7 days	24 hours	$19	$3 /20 mins	Covered
41	Giants Parking Lot A 3rd Street / Terry A. Francois	Imperial Parking	227-0114	--	$200 $135	Yes Yes	Yes Yes	7 days Mon -Fri	24 hours 6 am - 6 pm	$13 (6 am - 12 am) $9 (6 am - 6 pm)	$2 (1 hr), $3 (2 hrs), $4 (3 hrs)	Uncovered
42	Imperial Parking Lot 26 Embarcadero / Bryant	Imperial Parking	227-0114	--	$175	No	Yes	7 days	24 hours	$12 (in after 9:30 am) $11 (in before 9:30 am)	$5 /hr	Uncovered
43	Imperial Parking Lot 30 [illegible] 30	Imperial Parking	227-0114	--	$150 $140	Yes Yes	Yes Yes	7 days 7 days	24 hours 5 am - 11 pm	$12 (in after 9:30 am) $10 (in before 9:30 am)	$5 /hr	Uncovered

EXHBIT G

2008-09 FY Special Events and Filming Fee Schedule

	Rate
Still Photo Shoot	
Outdoor:	
Simple per day	$1,000.00
Major per day	$2,000.00
Indoor:	
Piers simple per day	$1,000.00
Piers major per day	$2,000.00
Pier 1 per day (Port offices - after hrs.)	$2,000.00
Pier 1 – Bayside 1-4	$2,000.00
Filming	
Simple per day	$1,000.00
Major per day	$2,000.00
Special Events	
Athletic events (walk/run/bicycle) per day	$1,000.00
Private event per day	$2,000.00
Public event per day	$2,000.00
Pier 30/32 – Entire Pier	
Private event:	
Event day	$12,500.00
Set-up per day	$2,500.00
Paid attendees:	
Event day	$15,000.00
Set-up per day	$2,500.00
Free admittance:	
Event day	$10,000.00
Set-up per day	$2,500.00

Partial Pier - Fee to be based on a pro-rata share of fee for entire pier.

Pier 48 – Shed A & C

Private:	
Per event day	$15,000.00
Set-up per day	$ 2,500.00
Paid attendees:	
Per event day	$20,000.00
Set-up per day	$ 2,500.00
Free admittance:	
Per event day	$12,500.00
Set-up per day	$2,500.00

Partial Pier - Fee to be based on a pro-rata share of fee for entire pier.

A $10,000.00 premium will be added to the rate above for New Year's Eve events.

Notes:

Minor film and photo shoots are those that require very few to no support functions, i.e.; the photographer and the subject, minimal equipment, etc.

Major film and photo shoots are those that require substantial support, i.e.; film crew, props, vehicles, generators, lighting, etc.

At no time shall the fee charged for filming or a special event at a specific facility be less than the rental rate as specified under the Rental Rate Schedule for that premises.

PORT OF SAN FRANCISCO

MEMORANDUM

May 21, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Request Approval of Memorandum of Understanding No. M-14562 between the Port and the San Francisco Police Department for the stationing of the Police Marine Unit at the Hyde Street Harbor for a term of 60 months

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Background:

The Port of San Francisco manages a wide variety of waterfront facilities as diverse as a ballpark, cruise terminal, cargo piers, small craft harbors, ferries, and tourist destinations that require security from both the waterside and the landside.

Beginning in the late 1800s, the San Francisco Police Department ("SFPD") started patrolling the waterfront from the Harbor District Station. The Police launched its first patrol boat in 1908. In 1950 the California State Harbor Patrol took over policing of the waterfront. The State Harbor Patrol was eventually absorbed into the San Francisco Police Department, and in 1992 SFPD again began patrolling the San Francisco waterways.

In 2003. the Port and SFPD executed Memorandum of Understanding No. M-13380 which relocated the Marine Unit from Treasure Island to Hyde Street Harbor, a more central and active part of the waterfront. This greatly improved the response time to key Port facilities. The continuous presence of the Marine Unit on the waterfront significantly increases the safety and security of Port staff as well as the maritime community.

THIS PRINT COVERS CALENDAR ITEM NO. 10B

The Port and SFPD now wish to enter into another MOU for the facilities at Hyde Street Harbor. Port staff has prepared MOU No. M-14562 that contains the following terms and conditions now before the Port Commission for approval.

PROPOSED TERMS:

Term: 60 months

Effective: August 1, 2008

Premises: Office trailer on Wharf J-11; 800 square feet in metal shed adjacent to office trailer location for gear storage space; paved land (45' x 12') for vehicle parking; slips 261 & 262 at Hyde Street Harbor for berthing police boats

Use: Office, gear storage, vehicle parking, vessel berthing

BCDC: Permit No. (7-98) expires August 2008. Staff is in the process of renewing this permit. Final approval of MOU will be contingent on BCDC's continuance of the permit.

Use Fee: $1.00 per month

Utilities: Solely the responsibility of the Port

Maintenance: Solely the responsibility of the SFPD

RECOMMENDATION:

Port staff recommends that the Port Commission approve Memorandum of Understanding No. M-14562 between the Port of San Francisco and the San Francisco Police Department for the rental of facilities located at Hyde Street Harbor for a term of 60 months.

Prepared by: Jeffrey Bauer, Senior Leasing Manager
For: Peter Dailey, Director of Maritime
Michael Nerney, Maritime Marketing

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-37

WHEREAS, Charter Section 3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and authority and duty to use, conduct, operate, maintain, manage, regulate and control the Port area(s) of the City and County of San Francisco; and

WHEREAS, Section 3.581(g) of the Charter of the City and County of San Francisco provides that leases granted and made by the Port Commission should be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, The San Francisco Police Department Marine Unit provides maritime law enforcement and seaport security vital to the Port of San Francisco's operations; and

WHEREAS, The Marine Unit has utilized facilities at the Hyde Street Harbor since 2003 under a previous Memorandum of Understanding No. M-13380; and

WHEREAS, The presence of the Marine Unit increases the security of the public as well as Port staff, and results in improved law enforcement along the waterfront; now, therefore, be it

RESOLVED, that the Port Commission hereby approves Memorandum of Understanding No. M-14562 upon the terms and conditions set forth in the Agenda Item 10B for the May 27, 2008 Port Commission meeting and authorizes the Executive Director to secure a renewed permit from the San Francisco Bay Conservation and Development Commission and thereafter to execute the Memorandum of Understanding with the San Francisco Police Department in such final form as is reviewed by the City Attorney.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of May 27, 2008.

_____
Secretary

SAN FRANCISCO PORT COMMISSION

Kimberly Brandon, President
Rodney Fong, Vice President
Michael Hardeman, Commissioner
Ann Lazarus, Commissioner
Stephanie Shakofsky, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

F
PS
#1
6/10/08

AGENDA
TUESDAY, JUNE 10, 2008
2:00 P.M. EXECUTIVE SESSION
3:15 P.M. OPEN SESSION
PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

DOCUMENTS DEPT.

JUN - 6 2008

SAN FRANCISCO
PUBLIC LIBRARY

1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** - May 27, 2008

3. **PUBLIC COMMENT ON EXECUTIVE SESSION**

4. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

      (1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER (DISCUSSION ITEM).

         a. Discuss existing litigation matter pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code sections 67.10(d) and 67.12:

            - Henrietta Currier v. Port of San Francisco, City and County of San Francisco, et al. (San Francisco Superior Court Case No. CGC-07-467623)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: SWL 352 at Amador Street
Person Negotiating: Port: Brad Benson, Special Projects Manager
*Raisch Products, Inc.: Doug Raisch
*SF Recycling & Disposal: Maurice Quillen

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at SWL 352 at Amador Street.

b. Property: AB 0201, Lot 013 also known as Seawall Lot 351 (Washington Street at the Embarcadero)
Person Negotiating: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: undetermined

Under Negotiations: _____Price _____Terms of Payment X Both
The Port intends to issue a request for proposal for the lease and development of Seawall Lot 351, located at the intersection of Washington Street and The Embarcadero. In this executive session, the Port intends to seek direction from the Commission on the appropriate price and terms of payment for the property. The Port intends to discuss factors affecting the price and terms of payment, including, without limitation, adjacent land uses, parking on the seawall lot, and general parking availability, but only with respect to the impact of those factors on price and terms of payment. The executive session discussions will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms in the request for proposals that are most likely to maximize the benefit of the Port, the City and the People of the State of California and/or to more effectively negotiate with the winning proposer on price and payment terms.

5. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

A. Executive Director's Report
- Pier 52 Public Boat Launch Grand Opening – June 14, 2008 at 11 a.m.
- Fourth of July Celebration on the waterfront
- Pier 70 Master Plan Community Workshop - July 17, 2008 at 5:30 p.m. at Pier 1
- Commendation for Karen Bell, Executive Director of the Fisherman's Wharf Community Benefit District, Pansy Tom, Manager of Association Operations for the Fisherman's Wharf Merchant Association, and Captain James Dudley, Captain San Francisco Police Department/Northern Station

B. Informational presentation regarding the National Flood Insurance Program.

8. CONSENT

A. Request approval to recommend to the Board of Supervisors to submit to the qualified voters of the City and County of San Francisco at an election to be held on November 4, 2008, a proposal to amend the City Charter by adding B7.310, Pier 70 Maritime District, and B7.320, Agreements with Other City Departments, and amending Section B6.406, Harbor Revenues and Expenditures. (Resolution No. 08-38)

B. Request approval of Fiscal Year 2008-09 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates. (Resolution No. 08-39)

9. REAL ESTATE

A. Request approval of Memorandum of Understanding No. M-14573 with the Real Estate Division of the General Services Agency for real estate leasing services for a two-year term. (Resolution No. 08-40)

10. MARITIME

A. Informational Update on Closure of 2008 Salmon Fishing Season.

B. Request authorization to enter into Non-Exclusive Management Agreement between the Port and Metro Ports, a holding of Nautilus International Holding Corporation, a California Corporation, for management of the Pier 80 Cargo Terminal for a five-year term. (Resolution No. 08-41)

11. NEW BUSINESS / AGENDA SETTING

- New Business
- Agenda Setting (Targeted Commission meeting, subject to change)
  - Informational presentation of the design for the Taylor Street Roadway Improvement Project (July 8, 2008)
  - Informational presentation regarding proposed ten (10) year and one-hundred-eighty (180) day lease (L- 14564) with Portco, Inc. for premises located at 360 Jefferson Street (July 8, 2008)
  - Request authorization to advertise for competitive bids for the construction of the Pier 45 Drainage Improvement Project (July 8, 2008)
  - Request authorization to retroactively execute a contract modification to the Pier 52/54 Boat Launch, Contract 2713 with Dutra Construction Co., Inc., to extend the substantial completion date by an additional 117 days to May 30, 2008 (July 8, 2008)
  - Request approval of the Port's Revised Annual Operating and Capital Budgets for Fiscal Year 2008-09 (July 8, 2008)
  - Request approval of the Port's proposal for projects and funding to be included in the first issuance of the 2008 Clean and Safe Parks General Obligation Bonds (July 8, 2008)
  - Request authorization to issue Request for Proposals for Seawall Lot 351 (Embarcadero at Washington) (July 8, 2008)
  - Request approval of license between the Port of San Francisco and the San Francisco Redevelopment Agency for a Kayak Ramp located at Mission Creek (July 8, 2008)
  - Request Approval of First Amendment to Exclusive Negotiation Agreement Between Port and The Exploratorium and of Amended and Restated Term Sheet for Pier 15 and Pier 17 (Site Location: Piers 15/17 on the Embarcadero at Green Street) (July 8, 2008)
  - Informational presentation regarding the status of PG&E's environmental investigation at the Potrero Power Plant shoreline (August 12, 2008)
  - Request approval of the design for the Taylor Street Roadway Improvement Project (August 12, 2008)
  - Request approval of a ten (10) year and one-hundred-eighty (180) day lease (L-14564) with Portco, Inc. for premises located at 360 Jefferson Street (August 12, 2008)
  - Request adoption of a resolution urging the Board of Supervisors to accept the offer of a gift from the Copra Crane Landmark Association to repair and improve the copra crane at Pier 84, on Islais Creek (August 12, 2008)
  - Informational Presentation of Development Proposals for Seawall Lot 337, bounded by China Basin Channel, Third Street, Mission Rock Street and Terry Francois Boulevard, in response to the SWL 337 Development Request for Proposals (September 9, 2008)
  - Update on Port response to the Controller's Audit of the Port's Purchasing and Inventory Systems (September 23, 2008)
  - Informational presentation regarding a Memorandum of Understanding No. M-14534 between the Port and the San Francisco Public Utilities Commission for a

Solar Power installation on the Lighter Freight Facility at Pier 96 (Date to be determined)

- Request approval of a Memorandum of Understanding No. M-14534 between the Port and the San Francisco Public Utilities Commission for a Solar Power Plant installation on the Lighter Freight Facility at Pier 96 (Date to be determined)
- Request authorization to advertise for Invitation for Proposals for the Demolition and Disposal of Port's Drydock No. 1 (Date to be determined)
- Request adoption of Findings under the California Environmental Quality Act; Approval of Memorandum of Understanding (MOU) with Public Utilities Commission (PUC) for jurisdictional transfer of 4 acres of Seawall Lot 356 (located at 26th and Maryland Streets) from the Port to the PUC; Approval of MOU with the PUC for underground utilities and Approval of License with Industrial Construction Company, Inc. for construction laydown space at Seawall Lot 356 for parameter rent (Date to be determined)
- Request approval of an amendment to the Settlement Agreement between PG&E and the City and County of San Francisco, dated June 14, 2005, regarding a claim of encroachment by the PG&E Hunter's Point Power Plant on Port property, to agree to a month-to-month extension of the agreement and to clarify the rental payment procedures, including the annual adjustment of rent (Date to be determined)

12. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

13. COMMUNICATIONS

Communications to the Port Commission from May 23, 2008 to June 5, 2008:

- From, Dennis MacKenzie, Round the Diamond, regarding Piers 27-31, Pier 30-32
- From Lee Radner, Chair of the Friends of Golden Gateway, regarding Seawall Lot 351
- From George Hauser, member of SF Housing Action Coalition, regarding SWL 351
- From David Baker, member of SF Housing Action Coalition, regarding SWL 351
- From Danielle Levine, member of SF Housing Action Coalition, regarding SWL 351
- From Sarah Zahn, member of SF Housing Action Coalition, regarding SWL 351
- From Brendan Dunnigan, member of SF Housing Action Coalition, regarding SWL 351
- From Ruthy Bennett, member of SF Housing Action Coalition, regarding SWL 351
- From Connie Hazel, The Barbary Coast News Publisher, regarding SWL 351
- From Jennifer Clary, President of San Francisco Tomorrow, regarding SWL 351
- From Jennifer Clary, President of San Francisco Tomorrow and David Lewis, Executive Director of Save The Bay, regarding Piers 27-31

- From John Pritzker, founder & partner of Geolo Capital, regarding SWL 351
- From Amy Anton, member of SF Housing Action Coalition, regarding SWL 351
- From Christopher Meany, Wilson Meany Sullivan, regarding SWL 351
- From Walter Caplan, SF Model A Ford Club and the Annual Crab Festival Classic Car Show, FY 2008-09 Rental Rate Schedule, Monthly Parking Stall Rates and Special Event and Filming Rates
- From Stacia Kato, regarding SWL 351
- From Fred Allardyce, President of the Barbary Coast Neighborhood Association, regarding SWL 351
- From Bill Benkavitch, regarding SWL 351
- From Irene Glassgold, regarding SWL 351
- From Ted Loewen, Blossom Bluff Orchards, regarding SWL 351
- From Peter Evans, Commodore of Aeolian Yacht Club, regarding Pier 1½ public dock
- From Marilyn Dong, regarding SWL 351
- From Tim Colen, Executive Director, SF Housing Action Coalition, regarding SWL 351

14. ADJOURNMENT

JULY/AUGUST 2008

CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
July 8	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
August 12	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562 or jay.ach@sfport.com

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jennifer Sobol @ 274-0548 or jennifer.sobol@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.pacz@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets regularly on the third Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the third Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

ACCESSIBLE MEETING INFORMATION

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets.
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

June 4, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation Regarding the National Flood Insurance Program

DIRECTOR'S RECOMMENDATION: Informational Item – No Action Required

Summary

On May 8, 2007, Port staff made an informational presentation to the Port Commission regarding the federal National Flood Insurance Program (NFIP) and the Federal Emergency Management Agency's (FEMA) current effort to develop a Flood Insurance Rate Map (FIRM) of San Francisco.

On September 21, 2007, FEMA published a preliminary FIRM for San Francisco depicting Special Flood Hazard Areas (SFHAs). An SFHA is defined as an area subject to flooding during a flood having a 1 percent chance of occurrence in any given year (also referred to as the 100-year flood or base flood.) The preliminary FIRM shows SFHAs along San Francisco's coastline, including most of the Port's finger piers. Initial analysis by the Port's Chief Harbor Engineer at the time indicated that most of the Port's finger piers have a freeboard (or clearance) of one foot or more above the Total Water Elevations projected by FEMA during the occurrence of the base flood. On October 23, 2007, Port staff briefed the Port Commission regarding FEMA's preliminary FIRM and the Chief Harbor Engineer's analysis.

Following release of the preliminary FIRM, FEMA provided the City and County of San Francisco ("City") with a 60-day comment period wherein residents, businesses, City development partners and the City provided technical comments on the preliminary FIRM. This 60-day comment period ended on December 22, 2007; and the City submitted written comments to FEMA on that date. Subsequently, FEMA agreed to delay publication of a final FIRM until after a more detailed analysis of flood hazards is complete, provided that the City agreed to join the NFIP in the

THIS PRINT COVERS CALENDAR ITEM NO. 7B

meantime. FEMA expects that analysis to be complete in 2009; and will issue a revised preliminary FIRM at that time. Currently, the City is completing the process of adopting a Floodplain Management Ordinance and preparing the necessary documents to join the NFIP.

On December 14, 2007, Port staff submitted detailed comments that were included in the City's December 22, 2007 comments to FEMA. Port comments on FEMA's preliminary FIRM demonstrate the absence of significant flood hazards on portions of Port property and the ability of finger piers to withstand forces associated with the base flood (see Appendix A). Chief Harbor Engineer Ed Byrne certified the Port comments submitted to FEMA. FEMA is currently evaluating these comments. The City Flood Administrator and the Port are working with FEMA to ensure that the Port's comments are incorporated into the final FIRM. Appendix B contains a revised flood map reflecting the Port's comments.

If San Francisco is mapped with SFHAs on a final FIRM (as suggested by the preliminary FIRM), federal law provides a statutory period of time within which the Mayor and the Board of Supervisors must decide whether to join or not to join the NFIP.

The City Administrator's Office has convened a working group of City departments including the Port to analyze FEMA's preliminary FIRM; develop a recommended Floodplain Management Ordinance (the "Floodplain Management Ordinance," a precursor to San Francisco joining the National Flood Insurance Program), and plan for implementation of the Floodplain Management Ordinance. Port staff expect that Supervisor Elsbernd will introduce the Floodplain Management Ordinance for consideration by the Board of Supervisors at its June 10, 2008 meeting.

This staff report outlines the following:

1. Port comments submitted to FEMA regarding its preliminary FIRM;

2. Key Port-related provisions of a proposed Floodplain Management Ordinance the City Administrator plans to introduce for Board of Supervisors consideration through the Office of Supervisor Sean Elsbernd;

3. Development ramifications for the Port;

4. Steps the Port Commission and Chief Harbor Engineer may need to take in the future in response to construction projects located in flood prone areas; and

5. Requests the Port and the City have made and will continue to make to FEMA regarding its interpretation of flood hazards associated with Port finger piers in SFHAs identified by FEMA (if any).

Based on the City's progress toward adopting a Floodplain Management Ordinance, FEMA now intends to issue a revised preliminary FIRM for San Francisco in early to mid-2009, after completing the more detailed analysis Port and City staff requested in 2007. After reviewing comments and appeals related to the revised preliminary FIRM, FEMA will finalize the FIRM and publish it for flood insurance and floodplain management purposes.

Background

The NFIP is a federally managed program created in 1968 to reduce the risk posed by floods throughout the United States. Under the NFIP, the Federal government provides financial backing for affordable flood insurance in exchange for the adoption of floodplain management regulations by communities participating in the program. The NFIP is managed by FEMA.

The NFIP is a flood risk management program that consists of:

1. FIRMs, developed by FEMA, that identify SFHAs typically near riverine or coastal areas that have a 1% chance of flooding in a given year (base flood or 100-year flood) and other related data;

2. Federally backed, affordable flood insurance for property owners in communities that join the NFIP by applying to FEMA and adopting a floodplain management ordinance; and

3. The following incentives to encourage local communities to join the NFIP:

    - Federally-regulated lenders (including Fannie Mae and Freddie Mac) may not make, purchase, increase or extend any loan on an insurable structure in a SFHAs unless the owner has flood insurance;

    - Residents and businesses may not purchase federally backed flood insurance if the community does not join the NFIP;

    - Federal agencies may not provide financial assistance for acquisition and construction purposes in SFHAs if a community does not join the NFIP; and

    - FEMA cannot provide flood-related disaster assistance in SFHAs to communities and individuals in communities that do not join the NFIP.

Most communities that are mapped with SFHAs join the NFIP.

San Francisco FIRM

City staff has been cooperating with FEMA by providing topographical and related data about shoreline features. DPW has taken the lead in hiring URS Corporation to advise the City during this process.

The analysis and certifications included in the December 14, 2007 Chief Harbor Engineer's report (Appendix A) show that:

1. the Port's piers and wharfs are structurally sufficient to withstand the effects of wave action and most of the pier decks are above the expected wave heights and therefore should be removed from the SFHA and shown on the maps as Zone X (defined as an area of minimal flood hazard);

2. the Port's seawall sections are structurally sufficient and have adequate height above the expected wave heights to provide protection against the base flood and therefore the landside improvements should be removed from the SFHA and shown on the maps as Zone X; and

3. the breakwaters are structurally sufficient to provide protection to many areas of the Port waterfront by reducing the wave height. Since the breakwaters provide significant flood protection, the Port requested that FEMA should re-analyze the projected Base Flood Elevations in the areas behind the breakwaters to account for their effect.

Floodplain Management Ordinance

To join the NFIP, San Francisco needs to adopt a Floodplain Management Ordinance. California has recently updated model floodplain management ordinances for flood-prone communities. San Francisco is looking to federal regulations and the California ordinance for coastal communities as potential models.

The purposes of the ordinance are to:

a. Restrict or prohibit uses which are dangerous to health, safety, and property due to water or erosion hazards, or which result in damaging increases in erosion or flood heights or velocities;

b. Require that uses vulnerable to floods, including facilities which serve such uses, be protected against flood damage at the time of initial construction;

c. Control the alteration of natural floodplains, stream channels, and natural protective barriers, which help accommodate or channel floodwaters;

d. Control filling, grading, dredging, and other development which may increase flood damage; and

e. Prevent or regulate the construction of flood barriers which will unnaturally divert floodwaters or which may increase flood hazards in other areas.

Existing structures in SFHAs are grandfathered, meaning that these structures are not required to meet the building code requirements of a local floodplain management ordinance until such time as substantial modifications to an existing structure trigger these requirements.

The major impacts of these restrictions to new development in San Francisco will be:

- The first floor of structures in SFHAs must be constructed above the Base Flood Elevation. In some areas not susceptible to wave run-up, commercial structures may be flood-proofed instead. In areas susceptible to wave run-up, structures must be anchored and portions of structures below the Base Flood Elevation must include break-away members.

- For piers: except for extraordinary situations, construction is limited to functionally-dependent (i.e., maritime) purposes or to historic preservation. Note that the Chief Harbor Engineer's comments on FEMA's FIRM took exception to FEMA's determination that the finger piers are located in the flood area, thus there are currently no flood restrictions or requirements on these structures because the Chief Harbor Engineer's comments have been incorporated in the draft flood prone area map prepared by the Department of Public Works.

Floodplain management ordinances adopted by NFIP participants may provide for variances for exceptional circumstances, including historic preservation and extraordinary hardship. Under the NFIP, variances are granted by the local jurisdiction, in this case, the City or Port. However, the improper granting of variances could jeopardize continued participation in the NFIP.

The proposed ordinance has the following specific impacts on the Port:

1. In the Findings section, the Board of Supervisors finds that new development, including historic rehabilitation, on piers or land that is seaward of the reach of mean high tide can be reasonably safe from flooding. The Board of Supervisors urges the Port to take steps to implement long-term floodplain management controls that both address any flooding risks and allow the City to implement the Waterfront Land Use Plan and the Capital Plan.

2. The Definitions section includes definitions of **functionally-dependent use** (i.e., maritime use), **historic structure** and **substantial improvement** tailored to Port needs.

3. The Administration section of the ordinance assigns to the City Administrator the role of Floodplain Administrator, whose responsibilities include designation of flood hazard areas, coordinating City department response and reporting to FEMA (among others), this section acknowledges the Chief Harbor Engineer's responsibility for reviewing building permit applications for buildings and structures within the Port Commission's jurisdiction to determine whether the appropriate building standards have been satisfied, and whether the site is reasonably safe from flooding.

4. The Standards of Construction section of the ordinance requires the Port's Chief Harbor Engineer and the Floodplain Administrator to consult and coordinate with FEMA to create appropriate building standards for developing any finger piers located in flood prone areas in Port jurisdiction, before publication of FEMA's final FIRM for San Francisco.

5. The Variance section of the ordinance authorizes the Port's Chief Harbor Engineer to issue *hardship* variances where there is no increased flood risk as a result of the variance and requires issuance of variance for either a) historic structures or b) functionally-dependent uses.

Appendix C contains key Port-related provisions of the draft Floodplain Management Ordinance.

Development Ramifications

In consultation with the City Attorney and its development partners, Port staff are still analyzing the potential ramifications of the City's decision to adopt a floodplain management ordinance, should it decide to do so. Other cities, like Juneau, Alaska and Boston, Massachusetts, have been able to build on piers even though they are members of NFIP and are thus subject to FEMA regulations. The following possible ramifications assume the City will join the NFIP and are subject to further City Attorney analysis and review and comment by FEMA.

Historic finger piers and wharves:	For resources that are either individually listed or contributory to a district that is listed in the National Register of Historic Places (or eligible for such listing), or listed in a state or local historic inventory, the Port will be able to issue variances for mixed use development. Most of the Port's finger piers will meet this test. Exceptions are: Pier 27, the Pier 29 Administrative Office Building, Pier ½, Pier 39, Piers 30-32 and piers south of Pier 48 including Pier 50.
Alteration or attached exterior addition to an historic structure:	Provided that the alteration or addition will not preclude the structure's continued designation as an historic structure, such alterations or additions will not trigger a **substantial improvement** under the ordinance. The Exploratorium's proposed new connector building between Piers 15 and 17 would meet this test because the building would be an exterior addition to Pier 15 and would not preclude Pier 15's continued designation as an historic structure.
Maritime use:	For docking facilities, port facilities that are necessary for the loading and unloading of cargo or passengers, and ship building and ship repair facilities, the Port will be able to issue variances for **substantial improvements**. A new cruise terminal at Pier 27 and portions of Pier 50 would meet this test.

Thus, it appears that under the ordinance and federal regulations that govern local administration of flood hazards, most types of development and capital improvements contemplated under the Port's Waterfront Land Use Plan and the Capital Plan can proceed. The type of development least likely to be accommodated in the proposed regulatory structure is a non-maritime use in a new structure that is not connected to a historic structure and which is constructed seaward of the reach of mean high tide. However, modifications to the advice given by FEMA related to construction on piers in V-Zones (see Appendix D) may provide a means to permit such construction.

Chief Harbor Engineer Standards of Construction for Flood Prone Areas

Should new construction or improvements on existing structures be located in areas either currently or in the future designated as flood prone, the Port's Chief Harbor Engineer will develop, in consultation with FEMA and the City's Floodplain Administrator, standards of construction for these projects. Current national standards include provisions for the design and construction of structures within flood hazard areas. It is anticipated that these national standards will be modified to suit the Port's unique topographical and climatic conditions and will be incorporated into the Port's Building Code, subject to Port Commission approval. The Port's Building Code will then be used to as the standard for construction.

FEMA "Comfort" Letter

The Port, in consultation with the City Administrator and its development partners, intends to request a formal letter from FEMA affirming the approach to managing flood risks contemplated by the City's Floodplain Management Ordinance, including its treatment of finger piers. Port staff will urge FEMA to accept the Port comments on the preliminary FIRM to modify and expand on the advice provided in the FEMA advice letter regarding construction on piers in V Zones contained in Appendix D.

Recommended Next Steps

Port staff will continue consulting with City and FEMA staff regarding FEMA's FIRM mapping effort, the NFIP and the possible development of a San Francisco Floodplain Management Ordinance. Additionally, Port staff will:

1. Along with other City staff and consultants, meet with FEMA to encourage them to publish a preliminary FIRM with the most accurate data possible, including a Base Flood Elevation;

2. Participate in briefings for members of the Board of Supervisors and Board hearings on the topic;

3. In consultation with City staff, develop a proposed study of the feasibility of providing flood control improvements along the San Francisco shoreline to reduce coastal flood hazard risks, and SFHA designations by FEMA, that currently exist along the San Francisco waterfront, subject to future Port Commission review and approval;

4. Develop Standards of Construction for Flood Prone Areas, subject to approval by the Port Commission and incorporate into the Port's Building Code; and

5. Consult with the City's state and federal legislative delegations to determine the appropriate sources and timelines for funding for flood control projects.

Prepared by: Brad Benson
Special Projects Manager

Appendix A
Port Comments on FEMA's Preliminary FIRM for San Francisco

Port of San Francisco

Comments on the FEMA Preliminary Flood Insurance Rate Map

by

Port of San Francisco Engineering Division
14 December 2007

Edward F. Byrne
Chief Harbor Engineer

Engineering Report
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A. Introduction
    1. Background
    2. Preliminary Flood Insurance Rate Maps

B. Port Facilities and Maintenance Programs
    1. Existing Structures
        a. Seawalls and Marginal Wharfs
        b. Breakwaters
        c. Piers
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    3. Port Inspection and Maintenance Program

C. Conclusion

D. Appendices

Appendix A FEMA FIRM for Port of San Francisco

Appendix B FEMA Table of TWL and Locations

Appendix C Port Operations and Maintenance Manual

Appendix D Port of San Francisco Waterfront Facilities Map of Port Waterfront

Appendix E Port of San Francisco Waterfront Facilities Seawalls

Appendix F Port of San Francisco Waterfront Facilities Breakwaters

Appendix G Port of San Francisco Waterfront Facilities Piers & Wharfs

IMPORTANT NOTE: Copies of appendices may be obtained by contacting Chief Harbor Engineer Ed Byrne at (415) 274-0400. These appendices are too voluminous to include in this report.

A. INTRODUCTION

1. Background

This report documents and provides the technical basis for the Port of San Francisco's (Port) response and comments to FEMA's Preliminary Flood Insurance Rate Map (FIRM) published on September 21, 2007. The analysis and certifications included in this report show that: 1) the Port's piers and wharfs are structurally sufficient to withstand the effects of wave action and most of the pier decks are above the expected wave heights and therefore should be removed from the Special Flood Hazard Area (SFHA) and shown on the maps as Zone X; 2) the Port's seawall sections are structurally sufficient and have adequate height above the expected wave heights to provide protection against the 100-year flood event (1% annual chance flood) and therefore the landside improvements should be removed from the SFHA and shown on the maps as Zone X; and 3) the breakwaters are structurally sufficient to provide protection to many areas of the Port waterfront by reducing the wave height. Since the breakwaters provide significant flood protection, the Port requests that FEMA should re-analyze the projected 100-year flood elevations in the areas behind the breakwaters to account for their effect.

FEMA's team of coastal engineers reviewed historic data, coastal topography and performed a preliminary hydrological and hydraulic analysis including a probabilistic analysis to establish the impact 100-year flood event for the San Francisco waterfront. FEMA has now completed the preliminary analysis and has established a preliminary FIRM. This map depicts the water elevations anticipated for a 100-year flood for the Port's waterfront. The preliminary FIRM for the Port's waterfront is shown in Appendix A. Study of the preliminary FIRM indicates that much of the Port waterfront including the finger piers, marginal wharfs, Herb Caen Promenade and much of the Embarcadero roadway is within a SFHA designated as Zone V. Zone V is defined by FEMA for this San Francisco Bay study as:

> "Areas along coasts subject to inundation by the 1-percent-annual-chance flood event with additional hazards associated with storm-induced waves. Because detailed hydraulic analyses have not been performed, no Base Flood Elevations (BFEs) or flood depths are shown. Mandatory flood insurance purchase requirements and floodplain management standards apply."

Since FEMA did not determine the BFEs for the Port's waterfront, the preliminary FIRM is based on Total Water Level (TWL) that was established by the analysis. The TWL elevations were transmitted to the Port in a spreadsheet format accompanied with a map showing the locations where the elevations were calculated. A copy of this FEMA transmittal is included in the Appendix B. The TWL elevation includes the effect of storm surge and wave and, thus, represents the maximum expected water elevation projected by FEMA's analysis. Initial analysis by the Port's Engineering Division indicates that most of the Port's finger piers, wharfs and roadways have a freeboard (or clearance) of one foot or more above the TWL elevations projected by FEMA for the 100 year storm event. FEMA informed the Port that the FEMA analysis did not account for the Port's waterfront seawall and breakwater structures which Provide considerable flood protection.

The engineering analyses and certifications included in this report demonstrate that the Port's waterfront facilities offer considerable protection to flooding that must to be considered in the determination of Special Flood Hazard areas along the Port's waterfront. This report analyzes only the Port waterfront facilities from Pier 41 on the north to Pier 50 in the south. Port facilities to the north of Pier 41, including the Fisherman's Wharf Area, are not addressed in this report since FEMA indicated further TWL analysis is required in this area. The Port requests that FEMA revise the analysis to include the wave dissipating effect of the existing local breakwaters in the area. The breakwaters were not included in the Preliminary FIRM analysis, so the TWL's are erroneously indicating higher flood elevations than will actually occur.

Port facilities to the south of Pier 50 are currently used for maritime operations. The existing waterfront structures provide adequate flood protection for this use. The Port is not submitting comment on FEMA's preliminary FIRM for any of the Port's facilities south of Pier 50.

The structural analyses and certifications for Port waterfront facilities from Pier 41 to Pier 50, included in the Appendices, indicate that areas currently shown in FEMA's preliminary FIRM in SFHAs are actually safe from flooding due to the protection provided by the existing facilities. The Port's waterfront facilities were originally designed, constructed and anchored to prevent flotation, collapse and lateral movement resulting from hydrostatic and hydrodynamic loads including buoyancy. This report presents an independent analysis performed by Port Structural Engineers in accordance with the Corps of Engineer's guidelines included in the "Criteria for Evaluating Coastal Flood-Protection Structures", USACE Technical Report CERC-89-15. The analysis demonstrates that each of the Port's waterfront facilities is sufficient to resist the flooding loads and forces. A FEMA Coastal Structures Form, including supporting calculations, has been completed for each facility certified by Port engineers.

The Port has a comprehensive Operations and Maintenance Manual for Waterfront Facilities that is used by Port inspection personnel to assure these critical structures continue to perform and operate satisfactorily and safely. A copy of this Manual in included in Appendix C. The Manual's Section III has been omitted to reduce the size of this report.

2. Preliminary Flood Insurance Rate Map (FIRM) for Port Waterfront

Figure 1 shows the portion of the preliminary FIRM issued by FEMA for the waterfront in Port jurisdiction. All of the Port's finger piers have been mapped in a V-Zone. Table 1 is an abbreviated listing of the Port's facilities and indicates the FEMA determined TWL elevation, the Port facility elevation and the differential height between the TWL predicted by FEMA and the actual height of the pier. The Port's facility elevation is based on the results of a survey and represents the lowest point of the facility.

In most cases the pier and wharf decks, and landside improvements are above the TWL and thus are not subject to flooding (elevation differences shown in the right hand column that are **bolded**). With one exception, the facility elevations that are below the TWL (bracketed by parentheses) are in the northern waterfront and are protected from wave action by the breakwaters as previously noted.

Table 1: Comparison of Port Facility Elevations to FEMA Projections for Total Water Level (TWL) During a 100 Year Storm Event			
Facility or Pier No. (Listed from north to south)	**Elevation (ft.)**	**FEMA's Preliminary TWL (ft.)**	**Elevation Diff. (ft.)**
Hyde St. Pier	12.0	14.76	(2.73)
47	10.8	13.48	(2.70)
45 outer end of pier	13.1	13.48	(0.35)
45 @ wharf	11.8	13.48	(1.70)
43.5	10.8	15.62	(4.79)
43	11.0	10.27	**0.76**
41	11.3	9.32	**2.01**
39	11.9	9.32	**2.54**
35	12.8	10.66	**2.18**
33	12.5	10.66	**1.86**
31	12.8	8.86	**3.96**
29	12.2	8.86	**3.34**
27	12.2	8.86	**3.30**
23	12.3	9.91	**2.43**
19	12.5	9.61	**2.87**
17	12.5	9.61	**2.87**
15	12.7	9.61	**3.06**
9	12.3	9.78	**2.50**
7	11.6	9.78	**1.82**
5 wharf	12.1	9.78	**2.32**
5 (Step down for public access)	10.4	9.78	**0.60**
3	12.1	9.78	**2.32**
1.5 wharf	12.1	9.78	**2.32**
1.5 (Step down for public access)	10.4	9.78	**0.64**
1	12.0	9.78	**2.17**
0.5	11.7	9.78	**1.90**
Ferry Plaza	11.6	9.78	**1.80**
Ag Building/Sinbad	11.1	9.78	**1.30**
14	15.1	9.78	**5.30**
Rincon Park	13.8	9.91	**3.90**
22.5	12.1	9.91	**2.14**
26	12.9	9.91	**2.95**
28	12.5	10.47	**2.01**

Table 1: Comparison of Port Facility Elevations to FEMA Projections for Total Water Level (TWL) During a 100 Year Storm Event			
Facility or Pier No. (Listed from north to south)	**Elevation (ft.)**	**FEMA's Preliminary TWL (ft.)**	**Elevation Diff. (ft.)**
30/32	13.0	10.47	**2.51**
38	12.9	10.53	**2.33**
40	13.0	10.53	**2.49**
AT&T Ball Park	13.2	11.84	**1.31**
48	12.1	10.99	**1.09**
50	12.0	10.73	**1.30**
54	12.6	10.73	**1.89**
Low Point, Top of Curb South of P54	11.6	10.73	**0.90**
Low Point on Paving @ P64	11.4	10.73	**0.66**
70	11.7	10.53	**1.13**
80	12.5	10.79	**1.67**
92	11.6	10.33	**1.23**
94 (N end)	11.5	12.07	(0.53)
94 (S end)	13.9	12.07	**1.85**
96	13.1	12.07	**1.03**

Table 1 Note: All elevations refer to NAVD 88.

B. BACKGROUND ON PORT FACILITIES AND MAINTENANCE PROGRAMS

1. Existing Structures

The Port of San Francisco's current improved waterfront began to take shape after the 1906 earthquake with the construction of the Port's concrete seawall along the water's edge. The Port's waterfront structures consist of seawalls, marginal wharves, piers and breakwaters. Appendix D presents a detailed plan of the Port's waterfront facilities. Following is a brief description of each of these waterfront structures.

a. Seawalls

The seawall was constructed in a number of different sections from 1908 to 1920 and is the primary flood control structure along the waterfront. The seawall construction varies considerably over the Port's waterfront; however, in the zone between Piers 41 to Pier 50 the seawall is generally a significant pile supported concrete structure that serves a dual purpose of retaining the land and protecting the landside improvements from the Bay waters. The seawall in many places was constructed with a marginal wharf, a piled deck structure extending from the top of the seawall

away from the land and over the water. The marginal wharf in many cases is also used to structurally reinforce the seawall and, with its deck structure, provides additional flood protection by preventing wave over-topping. The seawall base is protected on the bay side by rip-rap to prevent scour during storm and tidal conditions. Appendix E presents the Port's analysis, certification and recent inspection reports for the Port's seawall sections from Pier 41 to Pier 50.

The analyses demonstrates that the 30 differing seawall construction sections, from Pier 41 to Pier 50 that make up the Port's seawall structure, are sound, structurally capable and have sufficient elevation to protect the landside improvements from the effects of the 100 year flood. Thus, the areas located landside of the seawall should not be in SFHA and should be designated in Zone X. In cases where marginal wharfs are attached to the seawall, the analysis shows that these wharfs have sufficient structural capacity and height above the 100 year flood elevations to have the decks be designated in Zone X. The marginal wharf analysis and certification are included with the pier analysis in Appendix G.

b. Breakwaters

Breakwaters along the Port's waterfront are used to protect and shelter the Port's harbors and marinas. In performing this function, the breakwaters eliminate storm waves in the sheltered areas and thus protect the shoreline from wave action and run-up. There are seven breakwaters on the waterfront starting with the Aquatic Park Breakwater on the northern most end of the Port. Between Aquatic Park and Pier 45 is the Fisherman's Wharf Breakwater, is a significant concrete breakwater designed and installed by the Corps of Engineers. Immediately adjacent to the Fisherman's Wharf breakwater is Pier 45, an earthfill pier with embankments covered in rip-rap. Pier 45 also protects the Fisherman's Wharf area. Pier 39 has two breakwaters, one to the east and the other to the west. Both the Pier 39 breakwaters are constructed of concrete panels and pilings. The Ferry Building and Ferry Plaza areas are protected from wave action originating from the south Bay by the Pier 14 breakwater, the newest breakwater on the waterfront. This breakwater was installed in 2000, is composed of concrete panels and steel pilings and is used to protect the ferry landing areas along the Ferry Plaza. The South Beach Yacht Harbor is protected by concrete panel, concrete pile breakwaters that extend from Pier 40 southward to China Basin and then closes to the land at the AT&T Ballpark. Appendix F presents the Port's review, inspection reports and certification for these seven breakwaters.

Since the Port could only locate the design drawings for the Pier 14 Breakwater, review of the other six breakwaters was based on review of inspection reports, current condition assessment and past performance. These breakwaters have performed very well during past storm events and on-going inspections indicate that six of the seven breakwaters, the Aquatic Park Breakwater being the exception, are sound, structurally capable and have sufficient elevation to protect the landside improvements from the effects of the 100 year flood. The Port therefore requests that FEMA should re-analyze the TWL's in the areas behind the breakwaters to account for their effects.

The Aquatic Park Breakwater is the one exception. This breakwater has restricted access and needs repair due to piling deterioration, however, it continues, and will continue to provide protection to the adjacent waterfront for the near future. The Port understands that the US National Parks Department is pursuing funding to make these needed repairs. In the meantime, the Port will continue the regular inspections of this breakwater.

c. Piers & Wharfs

The Port of San Francisco has many finger piers integrally connected to and extending from the seawall, or seawall-marginal wharf structure, outward and away from the land, over the water. Most of these piers were constructed from 1908 through 1930, with some constructed as recently as 1970. The piers provide only minor flood control measures in that they limit the size of a wave that can pass below the structure by the presence of the beams and decking. The piers are generally constructed of concrete decks supported by concrete beams supported on piles. Some of the piers have wood decks supported on steel or concrete beams supported by piles. The piles are either reinforced concrete, concrete jacketed wood piles, or wood piles. Appendix G presents the Port's analysis, certification and recent inspection reports for the Port's piers from Pier 41 to Pier 50.

The analysis demonstrates that the 28 Port piers, between Pier 41 to Pier 50, are sound, structurally capable and have sufficient elevation to withstand and be safely higher than the effects of the 100 year flood. Given that the piers and wharfs are constructed to withstand the impact of the waves during the 100-year flood and the decks are above the TWL, these piers should be removed from the SFHA and should be designated in Zone X.

Two Port piers between Pier 41 to Pier 50 are not included in this response: Piers 36 and 22 ½. Pier 36 is condemned and no longer in use, and Pier 22 ½ is structurally compromised and has restricted loading. These two piers are not certified and are not considered to contribute to the Port's flood protection. The seawall sections adjacent to these piers are sound, certified and provide the necessary flood protection surrounding landside improvements.

2. Seismic Strengthening

Many of the Port's waterfront structures have been seismically strengthened to meet San Francisco Building Code requirements for earthquake loadings. Seismically upgrading these structures is very costly and significantly increases the structures ability to handle lateral loads, which also improves its ability to withstand any hydrodynamic loads. The following piers have been seismically upgraded to meet the code requirements at the time of the upgrade: Pier 45, Pier 39, Piers 27-29, and Piers 1.5 to 5, Pier 1, Ferry Plaza, Ferry Building, and Pier 48. The seismic upgrading of these piers included repairs and seismic strengthening of the adjacent seawall and marginal wharf. Although these structures were adequate to withstand the effects of the 100-year flood prior to being seismically strengthened, the added structural capacity and upgrading has greatly increased their overall durability and reduces future maintenance requirements.

3. Port Inspection and Assessment Program

The Port has a structural inspection and assessment program for all Port facilities. The Port's waterfront facilities including all the piers, seawall and breakwaters have been inspected within the last 4 years by California licensed Civil or Structural Engineers with experience in waterfront structures. This program is used to identify and assess any damage or deterioration to the structural systems and initiate appropriate actions in the case of damage or unsafe conditions. An inspected facility is categorized according to its condition and allowable use as follows:

Green – Unrestricted use. May require some minor repair, or minimal barricading or signage.

Yellow – Restricted use. May require limiting access and barricading until repairs completed.

Red – Unsafe notice. Requires barricading to prevent public access and use.

All of the Port's facilities that are required to protect the landside areas from flooding have been inspected and categorized as Green – Unrestricted use. This means that there may be areas requiring minor repair or maintenance, but the structure is capable of serving its intended function and purpose and can withstand the storm loadings as was intended in its original design and its current use.

The Port's Operation and Maintenance Manual for Waterfront Facilities is used to provide the protocol and frequency for the regular inspection and assessment of these structures. The O&M Manual includes forms required for reporting the results of an inspection and also establishes criteria for determining the priority and urgency of required repair depending on the type and location of damage. See Appendix C.

C. CONCLUSION

Based on the information presented by FEMA to the Port, flooding due to the 100-year event to the landside of the Port's Seawall is not a current problem. The TWL elevations determined by FEMA are below the deck heights for the majority of the Port's piers, wharfs and other waterfront facilities. The Port's existing waterfront structures, particularly the seawall and breakwaters, protect the landside structures and facilities from flooding. These structures have been inspected and analyzed and found to safely withstand the hydrodynamic loads imposed upon them by projected 100-year flood conditions. Port engineers, having verified the capability of these structures, have certified the Port's waterfront structures are capable of resisting the impact 1% annual chance waves, and verified that the 100-year flood heights are below the pier and wharf decks. **Based on this analysis and certification, the Port hereby requests that FEMA revise the preliminary FIRMs for the San Francisco Bay from Pier 41 south to Pier 50 and remove the Port piers, wharf structures and landside improvements protected by these structures from the Special Flood Hazard Area Zone map designation and change the flood designation for these structures to Zone X .**

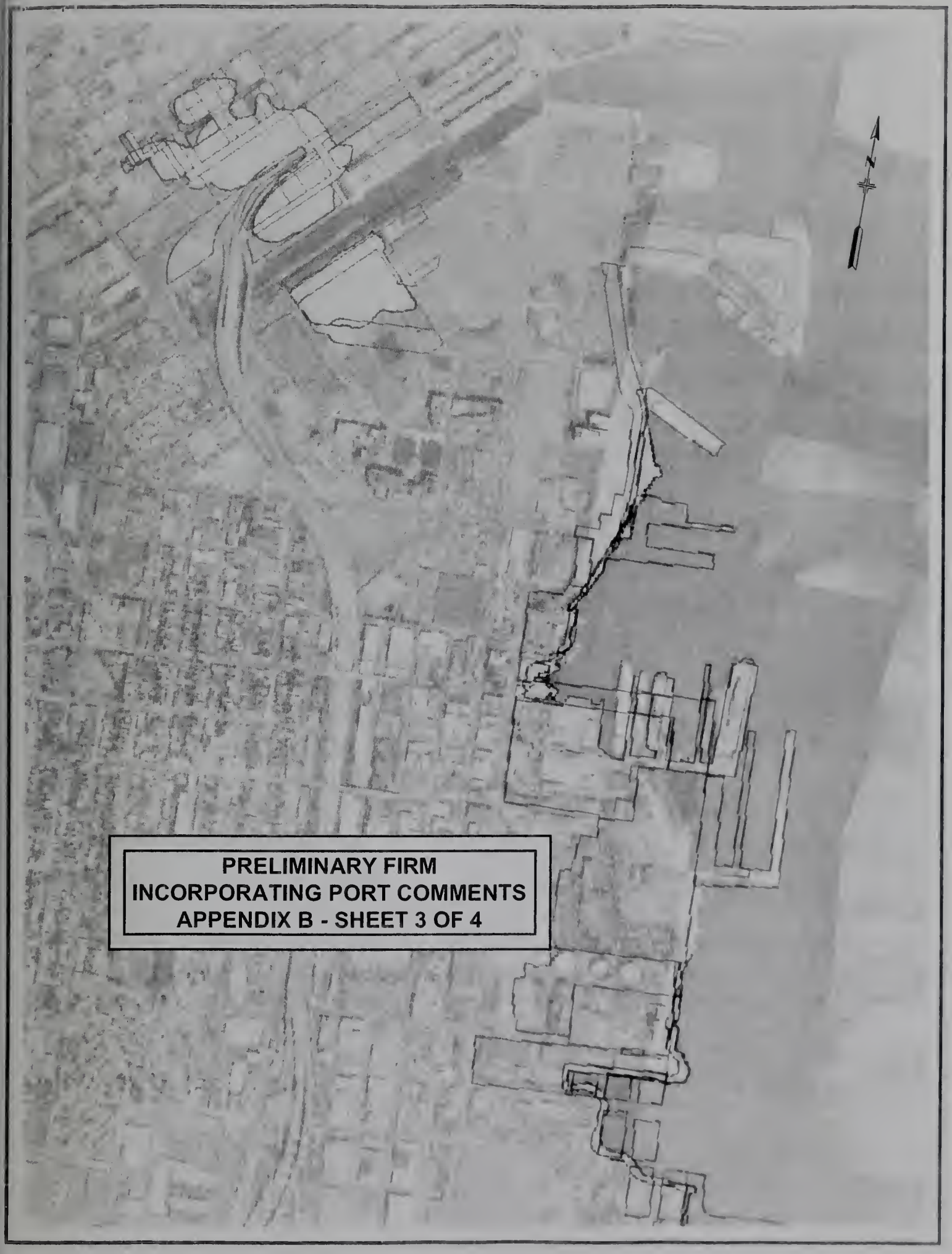
FEMA also is requested to perform an analysis of the Port's northern waterfront which considers the breakwaters that protect that area from flooding. The Fisherman's Wharf Harbors and the Hyde Street Harbor are completely surrounded by significant and competent breakwaters that greatly reduce the areas susceptibility to storm wave conditions. The Port anticipates that this FEMA refined analysis will lead to TWL elevations below the existing facility elevations and revise the FIRM to remove these facilities from any flood zone.

Appendix B

FEMA's Preliminary FIRM including Port Comment

PRELIMINARY FIRM
INCORPORATING PORT COMMENTS
APPENDIX B - SHEET 1 OF 4

PRELIMINARY FIRM
INCORPORATING PORT COMMENTS
APPENDIX B - SHEET 2 OF 4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PRELIMINARY FIRM
INCORPORATING PORT COMMENTS
APPENDIX B - SHEET 3 OF 4

PRELIMINARY FIRM
INCORPORATING PORT COMMENTS
APPENDIX B - SHEET 4 OF 4

Appendix C

Key-Port Related Provisions of a Floodplain Management Ordinance

(Underline is added for emphasis)

Port-Related Findings

"FEMA's publication of a final FIRM for San Francisco may affect new development in San Francisco, especially renovation and reuse of finger piers. This Board finds that new construction on the San Francisco waterfront is an important local and state concern. The San Francisco waterfront, transferred by the State of California to San Francisco in 1969, is a valuable public trust asset of the State that provides special maritime, navigational, recreational, cultural and historical benefits to the people of the region and the State. New development, including rehabilitation of historic structures, on land that is seaward of the reach of mean high tide can be reasonably safe from flooding, provided that adequate building controls are in place. In 1997, the Port of San Francisco adopted a Waterfront Land Use Plan to guide development and use of the Port's waterfront property consistent with its trust obligations, and in 2006 the Port created a Capital Plan identifying public facilities necessary to maintaining a viable San Francisco waterfront. This Board urges the Port of San Francisco and FEMA to develop, before publication of final FIRM, long-term floodplain management controls that both address any flooding hazard risks and allow the City to implement the Waterfront Land Use Plan and the Capital Plan, as they may be amended, and achieve the goals of that Plan, including the preservation of historic piers."

Key Definitions

"**Functionally dependent use** means a use that cannot perform its intended purpose unless it is located or carried out in close proximity to water. The term includes, but is not limited to, docking facilities, port facilities that are necessary for the loading and unloading of cargo or passengers, and ship building and ship repair facilities."

"**Historic structure** means any structure that is:

1. Listed individually in the National Register of Historic Places or preliminarily determined by the Secretary of the Interior as meeting the requirements for individual listing on the National Register;

2. Certified or preliminarily determined by the Secretary of the Interior as contributing to the historical significance of a registered historic district or a district preliminarily determined by the Secretary to qualify as a registered historic district;

3. Individually listed on a state inventory of historic places in states with historic preservation programs which have been approved by the Secretary of Interior; or

4. Individually listed on a local inventory of historic places in communities with historic preservation programs, including, but not limited to those structures that have been certified either

by an approved state program as determined by the Secretary of the Interior or directly by the Secretary of the Interior in states with approved programs.

5. Determined to be an historic resource in accordance with the City and County of San Francisco Planning Department's CEQA Review Procedures for Historic Resources.

6. In an historic district that is listed in the National Register of Historic Places."

"**Substantial improvement** means any reconstruction, rehabilitation, addition, or other proposed new development of a structure, the cost of which equals or exceeds 50 percent of the market value of the structure before the 'start of construction' of the improvement. This term includes structures that have incurred 'substantial damage', regardless of the actual repair work performed. The term does not, however, include either:

1. Any project for improvement of a structure to correct existing violations or state or local health, sanitary, or safety code specifications which have been identified by the local code enforcement official and which are the minimum necessary to assure safe living conditions, or

2. Any alteration of, or attached exterior addition to, an 'historic structure,' provided that the alteration or addition will not preclude the structure's continued designation as an 'historic structure.'"

Administration

"As provided by Section 4.114 of the San Francisco Charter, the San Francisco Port Commission, acting by and through its Chief Harbor Engineer, is responsible for reviewing all development permit applications for buildings and structures within the Port Commission's jurisdiction to determine whether the permit requirements of this ordinance have been satisfied, whether all other required state and federal permits have been obtained; and whether the site is reasonably safe from flooding. All building standards for construction in Port areas designated by the City Administrator as flood prone shall be consistent with the requirements of this ordinance and applicable federal and state floodplain management regulations, and shall become effective when such building standards are adopted by the Port Commission."

Standards of Construction

Should new construction or development on existing structures be located in areas either currently or in the future designated by FEMA as flood prone, the Port's Chief Harbor Engineer will develop, in consultation with FEMA, standards of construction for these projects. Current national standards include provisions for the design and construction of structures within flood hazard areas. It is anticipated that these national standards will be modified to suite the Port's unique topographical and climatic conditions and will be incorporated into the Port's Building Code. The Port's Building Code will then be used to as the standard for construction.

Hardship Variances

"A variance from the standards provided by the section may be granted by the appropriate approval

authority for a parcel of property with physical characteristics so unusual that complying with the requirements of this ordinance would create an exceptional hardship to the applicant or the surrounding property owners. Variances shall be issued upon a determination that the variance is the minimum necessary, considering the flood hazard, to afford relief. Variance determinations shall include a showing of good and sufficient cause that:

A. Failure to grant the variance would result in exceptional hardship to the applicant; and

B. The granting of a variance will not result in increased flood heights, additional threats to public safety, or extraordinary public expense, create a nuisance, cause fraud and victimization of the public, or conflict with existing local laws or ordinances."

Historic and Functionally-Dependent Use Variances

"Notwithstanding subsection 2A.284(e)(1) above, variances shall be issued for:

A. The repair or rehabilitation of, or exterior addition to, historic structures upon a determination that the proposed repair, rehabilitation or addition will not preclude the structure's continued designation as an historic structure.

B. New construction, substantial improvement, and other proposed new development necessary for the conduct of a functionally dependent use, provided that the structure or building is protected by methods that minimize flood damages, and that issuance of the variance does not result in additional threats to public safety or create a public nuisance."

Appendix D
FEMA Advice Letter Regarding Construction on Piers in V-Zones

VZ-34

Federal Emergency Management Agency

Washington, D.C. 20472

DEC 16 1985

MEMORANDUM FOR: ROBERT L. VICKERS
FEMA REGIONAL DIRECTOR
REGION IX

FROM : Jeffrey S. Bragg
Administrator
Federal Insurance Administration

SUBJECT : New Construction and Substantial Improvements of Structures on Piers in V-Zones

This is in response to your memo of October 29, 1985, regarding the issuance of variances by communities for new construction and substantial improvements of structures on piers in V-Zones. New construction on such piers can be permitted only by issuance of a variance to 44 CFR 60.3(e)(3) which requires that all new construction in V-zones be located landward of the reach of mean high tide. Substantial improvements that meet standards in §60.3(e)(4) and (5) can be permitted, but other substantial improvements would require a variance to these provisions.

In your memo you propose that communities be advised not to grant variances for new construction on piers unless the pier and the structures built on the pier can withstand the effects of the 100-year storm. You propose to apply §60.3(e)(4) to the pier itself and to require that the structure be anchored to the pier in accordance with that provision. In general, I agree that this is a reasonable position to take since it balances the economic benefits of the pier to the community against the increase in hazard and potential increases in public liabilities as a result of placing structures on a pier. However, I do have number of additional comments.

The community should regard the pier as part of the support system of the structure for the purpose of determining compliance with §60.3(e)(4) and (5). It is unlikely that the pier itself or structures on the pier will withstand a 100-year flood unless the lowest horizontal structural member of the pier is at or above the

100-year or base flood elevation. Extreme caution must be taken in determining this elevation, since the base flood elevations shown on the FIRM may not accurately reflect wave height conditions that exist seaward of the reach of mean high tide. In addition, §60.3 (e)(5) would be applicable since obstructions below the pier deck could result in failure of the pier during more frequent events.

The Region should make it clear to the community that it is their decision to grant a variance to permit this type of construction on a pier and that FEMA neither recommends nor endorses this type of variance. If FEMA were to make any recommendation at all, it must be that all new structures be located landward of the reach of mean high tide at the landward end of the pier. This position is important since the National Flood Insurance Program (NFIP) will not insure structures entirely over water and since FEMA may not be able to justify providing disaster assistance for reconstruction of structures on the pier under some circumstances.

All variances for new construction and substantial improvements on piers must comply with NFIP variance criteria at §60.6(a) which have been incorporated into the local floodplain management measures. When FEMA reviews variances granted by a particular community to determine if they are consistent with the objectives of sound floodplain management, those same criteria are to be used. In the case of new construction on a pier in a V-zone, the applicable variance criteria are at §60.6(a)(3) and (4). Prior to issuing a variance, the community must make a formal finding that the variance would be consistent with these criteria. It is highly unlikely that a community could do so unless the equivalent of base flood protection was provided. I suggest in your discussion with these communities that you emphasize the need to comply with these variance criteria.

If you have further questions regarding this issue please contact Frank Thomas, Assistant Administrator, Office of Loss Reduction at 646-2717.

PORT OF SAN FRANCISCO

MEMORANDUM

June 4, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Ann Lazarus
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

FROM: Monique Moyer M Moyer
Executive Director

SUBJECT: Request Port Commission Recommendation Regarding the Proposed Charter Amendment Related to Pier 70 Historic Rehabilitation and In-Fill Development

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution

Overview

At its May 27, 2008 meeting, Port staff made an informational presentation about an amendment to the San Francisco Charter related to Pier 70 and the Port of San Francisco ("Pier 70 Charter Amendment").

On May 28, 2008, Port staff made a presentation to the Central Waterfront Advisory Group ("CWAG") and conducted a question and answer session with CWAG members and members of the public. CWAG members commended Port staff for the work on the proposal to date and support the Pier 70 Charter Amendment. Highlights from CWAG public comment are contained in this report.

This staff report outlines a proposed amendment to the San Francisco Charter introduced by Supervisors Maxwell, Alioto-Pier and Ammiano that is designed to enhance Port efforts to redevelop Pier 70 and make technical amendments to other Port-related Charter provisions. Port staff recommend that the Port Commission adopt the attached resolution recommending that the Board of Supervisors submit the measure to the November 4, 2008 San Francisco ballot.

THIS PRINT COVERS CALENDAR ITEM NO. 8A

Pier 70 Background

Pier 70 is an approximately 65-acre brownfields site, located on San Francisco's Central Waterfront, generally between 18th and 22nd Streets, east of Illinois Street. The Potrero Power Plant is located immediately to the south of the site.

For over 150 years, some portion of Pier 70 has been in use for ship building and repair, or steel production, as well as for other supporting heavy industrial uses.

Pier 70 is where the late 19th century Union Iron Works began and later evolved into the Bethlehem Steel Shipyard. It is the oldest continuously operating shipyard on the west coast. Currently the Port's ship repair operation occupies a 16-acre portion of the site run by BAE Systems, under lease from the Port. Pier 70 retains a strong historic character, established by a large collection of historic architectural resources and artifacts throughout the site.

The State Office of Historic Preservation determined that the site's approximately 40 historic buildings, structures, and features are eligible for the National Register collectively as contributors to a Pier 70 historic district. Given the extraordinary historic value of this site, the Port Commission designated a substantial portion of the site as a Development Opportunity Area in the Waterfront Land Use Plan ("Waterfront Plan"), specifically for the purpose of supporting the Port's effort to preserve the Union Iron Works and Bethlehem Administration buildings along 20th Street. Many of the historic resources at Pier 70, including the Union Iron Works and Bethlehem Administration building, are condemned and are deteriorating.

Pier 70 Master Planning

Since late 2006, the Port of San Francisco has been conducting a public planning process to develop a master plan for Pier 70. The objective of the master plan is to set forth a concept and approach for the reuse and infill development of the Pier 70 area that is supported by the public, and which addresses and reconciles numerous regulatory, economic, environmental, maritime, historic preservation, open space and shoreline access issues. The Port's commitment to undertaking this project now is driven by the desire to preserve and rehabilitate as many buildings as feasible, while preserving the viability of ship repair operations now and over the long-term and, at the same time creating sufficient economic opportunities to attract developers to carry out adaptive reuse and infill development at Pier 70. The Preferred Master Plan is scheduled to be completed in late 2008 and will be followed by a competitive solicitation for one or more development partners for Pier 70.

The Pier 70 Preferred Master Plan will:

- develop an economically viable land use program compatible with the ship repair industry;
- define historic district(s) that can be nominated and ultimately listed on the National Register of Historic Places;
- identify new waterfront public access and open space;

- be integrated with the urban design and use program of the larger Central Waterfront area;
- identify a financing strategy for required infrastructure improvements, including public financing mechanisms; and
- include a development phasing schedule that allows existing interim uses to remain on site until redevelopment occurs.

Pier 70 Development Approvals Under Existing Law

The adaptive reuse of Pier 70 has the potential to become the next great neighborhood in San Francisco. There are numerous regulatory and financial challenges to the reuse of the site.

Pier 70 has been used for heavy industrial purposes for 150 years and is known to be contaminated by heavy metals, hydrocarbons and other pollutants. The Port is currently conducting a site investigation with the aid of federal funding, with results expected in late 2008.

The historic resources at Pier 70 are threatened by the elements and by seismic risk. The largest and most significant were constructed with unreinforced masonry; a large temblor could decimate some of the most culturally-significant structures at the site.

The combination of a brownfields site, a portion of which is built on Bay fill, numerous deteriorating historic structures and aging infrastructure that requires replacement means that Pier 70 redevelopment will require extraordinary investment, possibly in excess of $1 billion. Lease revenues and property tax increment from development of Pier 70 are unlikely to be sufficient to achieve the goals of the Pier 70 Master Plan.

Approvals for development at Pier 70 will take years. Though the timing and sequence may vary, and could require multiple considerations of some items, major approvals will include at least the following actions:

- The Port Commission will approve issuance of one or more RFPs and selection of one or more development partners for exclusive negotiations;
- Chapter 29 of the Administrative Code requires the Board of Supervisors to approve the *fiscal feasibility* of certain publicly-funded projects whose cost exceeds twenty-five million dollars, prior to commencement of environmental review;
- The San Francisco Planning Department, Major Environmental Analysis Division will conduct a review of environmental impacts of the proposed project and project alternatives consistent with the California Environmental Quality Act (CEQA) and such CEQA analyses are subject to appeal to the Board of Supervisors;
- If required, a regulatory agency with jurisdiction over the site will approve a site remediation or site management plan, or the equivalent, for the relevant portion of Pier 70, where the Port or a former owner, occupant, or operator is the primarily responsible party;
- The California State Lands Commission will opine on the consistency of any uses with the public trust for commerce, navigation and fisheries where required and review and

approve any proposed relocation of the public trust designation within the Pier 70 area and;

- The State Historic Preservation Office and the National Park Service will decide whether to list a Pier 70 historic district on the National Register of Historic Places;
- The Port Commission will approve any amendments to the Waterfront Land Use Plan;
- The Planning Commission and the Board of Supervisors will approve any required zoning changes;
- The Board of Supervisors will approve any Pier 70 property tax increment financing from an *Infrastructure Financing District* (California Government Code Section 53395 et seq.) to fund public improvements to Pier 70;
- The Port Commission will approve all leases and development agreements;
- The Board of Supervisors will approve any non-maritime Pier 70 lease exceeding ten years or a million dollars;
- The Bay Conservation and Development Commission will issue a permit for shoreline access and improvement for the 100' shoreline band of Pier 70 along San Francisco Bay inside the premises of any proposed lease;
- The State Historic Preservation Office and the National Park Service will approve the consistency of the project, where required, with Secretary of the Interior Standards for Historic Preservation, for purposes of determining eligibility for federal historic tax credits.

Overview of Proposed Charter Changes

The purpose of the proposed changes to the San Francisco Charter proposed by Supervisor Maxwell is to provide the Port Commission, the Mayor and the Board of Supervisors with two additional tools to promote effective development and reuse of Pier 70 that is supported by the public, and which addresses and reconciles numerous regulatory, economic, maritime, historic preservation, open space and shoreline access issues. These tools include:

1. A method whereby the Board of Supervisors can approve a Pier 70 plan, in lieu of Pier 70 lease approval requirements under Charter Section 9.118, thereby increasing certainty in the development approval process and lowering risk capital premiums for the private equity that will be required to redevelop the site; and

2. A new financing tool for waterfront improvements such as maritime terminals, the remediation of environmental conditions, the seismic strengthening and the rehabilitation of existing historic Pier 70 resources in accordance with Secretary of Interior Standards for Historic Preservation. If the Port Commission can demonstrate and the Board of Supervisors finds that lease revenues and property tax increment from Pier 70 are insufficient to fund public improvements, the Charter Amendment will allow General Fund financing of Pier 70 waterfront improvements not to exceed 75% of the Controller's and Tax Collector's projection of growth in payroll and hotel taxes accruing to the General Fund arising from the redevelopment of Pier 70.

These tools mirror strategies employed for successful waterfront redevelopment and historic

rehabilitation projects in other locations. The Philadelphia Navy Yard is an apt example: Philadelphia and Pennsylvania adopted a broad range of investment incentives and tax exemptions to promote redevelopment of the Navy Yard, which includes a 167 acre National Register Historic District along 2.5 miles of the Delaware River (see http:navyyard.org).

The remainder of this staff report describes existing law and the proposed changes to the Charter in more detail. The latest draft of the proposed Charter Amendment is attached in Appendix A.

Existing Law

1. The Port generally finances improvements to Port property with Port revenues, grants, federal historic tax credits, and public-private development projects. Other than funds recently approved by voters in February 2008 for waterfront parks on Port property (Proposition A), the City does not currently provide funds to the Port from City tax revenues for waterfront improvements. Pursuant to the 10-Year Capital Plan adopted by the Port Commission and the Board of Supervisors, the Port intends to seek approval of *Infrastructure Financing Districts* to finance publicly-oriented waterfront improvements, pursuant to California Government Code Section 53395 et seq.

2. The Port and other City departments may enter into memoranda of understanding regarding their various activities. The City is not obligated to appropriate funds for the expenditures under such agreements, although departments may annually request that the City, in its discretion, appropriate such funds.

3. Pursuant to Section 9.118 of the Charter, except for maritime leases, the Port Commission must submit all leases of real property to the Board of Supervisors for approval if the lease has a term of ten years or more, including options to extend, anticipated revenue of one million dollars or more to the City and County, or requires anticipated expenditures by the City of ten million dollars or more.

4. The Charter specifies the purposes for which revenues obtained from Port properties may be used, and prioritizes those uses.

Amendments to Current Law

Pier 70 Plan

Under this proposal, the Port Commission may submit to the Board of Supervisors for the Board's approval, a financial and land use plan for an area within Pier 70 of the port (the "Pier 70 Plan") that the Port intends to improve. The plan will include a description of the boundaries of the area within Pier 70 to be improved (the "Pier 70 Maritime District"), and projections of financing required for the waterfront improvements in addition to any property tax increment financing. Waterfront improvements may include, but not be limited to, waterfront parks, the preservation or repair of deteriorated piers and related facilities for maritime use, the remediation of environmental conditions, the seismic strengthening of historic structures and the historic

rehabilitation of such structures in accordance with Secretary of Interior Standards for Historic Preservation. Improvements may not include interior building remodeling.

The Clerk of the Board of Supervisors will refer the plan to the Controller. The Controller and the Tax Collector, in consultation with the Department of Real Estate and Port Commission, will report to the Board on the taxes received from the payroll expense taxes and hotel taxes received by the City from businesses and any hotels in the Pier 70 Maritime District in the full fiscal year immediately preceding the submission of the plan to the Board. The report will also include a projection of the annual increases in payroll and hotel taxes that would accrue to the City's General Fund each year, for the next twenty years, starting with the issuance of a certificate of occupancy related to any lease in the Pier 70 Maritime District, based on assumptions of growth and development of uses in the Pier 70 Maritime District.

The Board of Supervisors may approve the Pier 70 Plan while deciding not to approve the financing plan proposed in the plan. The Board may approve the financing plan if the Board finds that the sum of lease revenues and property tax increment financing from development of the Pier 70 Maritime District is insufficient to fund the proposed improvements in the district.

General Fund Financing for Waterfront Improvements

If the Board of Supervisors approves the financing plan contained in the Pier 70 Plan, the City must appropriate to the Port discretionary General Fund revenues in an amount necessary to pay debt service on any indebtedness issued by the Port Commission to finance proposed improvements in the Pier 70 Maritime District. The amount appropriated by the City will not exceed 75% of the projected increase in payroll and hotel tax for the district during the fiscal year in which the Port Commission is obligated to pay debt service on the indebtedness and for each fiscal year thereafter until the earlier of: (1) the date the Controller certifies that the Port Commission has retired all indebtedness or (2) twenty fiscal years. The amount to be appropriated by the Board of Supervisors will not be adjusted based on the taxes actually accruing to the City from the district.

Before undertaking or issuing any indebtedness for financing the improvements, the Port Commission must approve by resolution a capital budget for the improvements and find that Port revenues and property tax increment from private investments or development within the area to be improved are insufficient to fund the improvements.

Approval of Pier 70 Leases

If the Board of Supervisors approves the Pier 70 Plan, the Board's approval will constitute approval of any lease required for the development of the Pier 70 Maritime District if conditions specified in the proposal, including the following are satisfied: (i) the Controller, in consultation with the Department of Real Estate finds that the lease is consistent with the plan; and, if applicable (ii) the lease requires the parties to (a) obtain from the National Park Service and/or the State Historic Preservation Office a finding of consistency of the project authorized by the lease with Secretary of Interior Standards for Historic Preservation, and (b) obtain a permit from

the Bay Conservation and Development Commission for the improvement and maintenance of the 100-foot shoreline band along Pier 70 in the premises of the lease. Approval of the Pier 70 Plan, therefore, would constitute Board of Supervisors' approval of the lease pursuant to Section 9.118 of the City Charter, subject to these conditions.

Agreements with Other City Departments

Under this proposal, the Mayor may submit to the Board of Supervisors' approval an interagency agreement between the Port Commission and other department or departments of the City. Approved by the Port Commission by resolution, that requires the department or departments to expend funds or transfer funds to the Port Commission, or requires the Port Commission to transfer funds to the department(s). If the Board of Supervisors approves the agreement by resolution, the City must appropriate funds sufficient to fund the expenditure or transfer under the agreement. The parties to the agreement may not modify the agreement to affect the amount to be expended or transferred without the approval of the Board of Supervisors by resolution.

Priority Uses

The proposed legislation updates the priority of uses for Port revenues. These changes will modernize the *flow of funds* described in the Charter, consistent with current industry practice. This change will help the Port as it prepares to issue new debt as proposed in the Port's Capital Plan, which could occur as early as 2009.

Results of Public Outreach

As stated above, on May 28, 2008, Port staff made a presentation to the Central Waterfront Advisory Group ("CWAG") and conducted a question and answer session with CWAG members and members of the public. CWAG members commended Port staff for the work on the proposal to date and supported the Pier 70 Charter Amendment. Highlights from CWAG public comment include:

1. Clarification that Board of Supervisors approval of a Pier 70 Plan under the proposal is an action independent of Board of Supervisors approval of financing for waterfront improvements, because the financing approval is conditioned on a showing that Pier 70 lease revenues and property tax growth (increment) is not sufficient to pay for Plan implementation. Port staff explained that the Pier 70 Charter Amendment treats these as separate approvals.

2. Pier 70 plan approval by the Board of Supervisors was welcomed as a rational basis for making financial and land use decisions for Pier 70.

3. Discussion that the Port should further highlight the significance of the Pier 70 historic resources in efforts to communicate about the Pier 70 Charter Amendment, as well as the economic development, open space, and other community gains from a revitalized Pier 70.

4. Clarification that the measure did not require 2/3 super-majority approval, as compared to recent historic preservation ballot measures that did not garner the 2/3 majority required to pass.

5. Several participants expressed concern that including hotel tax in the amendment could raise concerns from arts and other constituencies that currently depend on hotel tax funding. Port staff assured participants that the measure is formulated in a manner that will not affect funding for the arts. Participants and Port staff agreed to make outreach to arts advocates an early priority. Some participants felt that if this became an issue, that it may be worthwhile to remove hotel tax from the financing mechanism.

6. There was limited discussion of the potential of capturing tax increment growth from utility user taxes or parking taxes associated with the Pier 70 development, in particular, if hotel taxes are removed from the measure.

7. Port staff suggested that the range of uses for the financing for waterfront improvements be expanded to include utility infrastructure that would help the project achieve independently-verified beyond code environmental compliance such as Leadership in Energy and Environmental Design Green Building Rating System™ certification for Neighborhood Development. Examples of such infrastructure could include natural-based stormwater management, on-site wastewater treatment, renewable energy infrastructure, etc. CWAG members seemed supportive of such a modification.

Port staff will share the results of this outreach with the Office of Supervisor Sophie Maxwell.

Recommendation

Port staff recommends that the Port Commission adopt the attached resolution recommending that the Board of Supervisors submit the Pier 70 Charter Amendment to the November 4, 2008 ballot.

Next Steps

According to Supervisor Maxwell's Office, the Pier 70 Charter Amendment could be considered by the Rules Committee of the Board of Supervisors as early as June 20, 2008. The Board of Supervisors has until late July, 2008 to submit charter amendments to the November 4, 2008 ballot. Port staff will continue conducting outreach regarding the proposed Pier 70 Charter Amendment and keep the Port Commission and members of the public informed regarding dates the Board of Supervisors is scheduled to consider the proposal.

Prepared by: Brad Benson, Special Projects Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-38

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, The Port owns an approximately 65-acre brownfields site, located on San Francisco's Central Waterfront, between 18th and 22nd Streets, east of Illinois Street, generally known as Pier 70; and

WHEREAS, The State Historic Preservation Office has determined that the site's approximately 40 historic buildings, structures, and features are eligible for the National Register collectively as contributors to a Pier 70 historic district; and

WHEREAS, Given the extraordinary historic value of this site, the Port Commission designated a substantial portion of the site as a Development Opportunity Area in the Waterfront Land Use Plan ("Waterfront Plan"), specifically for the purpose of supporting the Port's effort to preserve the Union Iron Works and Bethlehem Administration buildings along 20th Street; and

WHEREAS, Since late 2006, the Port has been conducting a public planning process to develop a master plan for Pier 70 setting forth a concept and approach for the use and redevelopment of the Pier 70 area that is supported by the public, and which addresses and reconciles numerous regulatory, economic, maritime, historic preservation, open space and shoreline access issues; and

WHEREAS, The Port generally finances improvements to Port property with Port revenues, grants, federal historic tax credits, and public-private development projects; and

WHEREAS, Other than funds recently approved by voters in February 2008 for waterfront parks on Port property (Proposition A), the City does not currently provide funds to the Port from City tax revenues for waterfront improvements; and

WHEREAS, Pursuant to the 10-Year Capital Plan adopted by the Port Commission and the Board of Supervisors, the Port intends to seek approval of *Infrastructure Financing Districts* to finance publicly-oriented waterfront improvements, pursuant to California Government Code Section 53395 et seq.; and

WHEREAS, Port staff and consultants recognize that there are extraordinary costs associated with the effective development and adaptive reuse of Pier 70 that will continue to be quantified through the Pier 70 Preferred Master Plan and the subsequent competitive solicitation and development negotiations; and

WHEREAS, Other cities and states, such as Philadelphia and Pennsylvania, have collaborated to develop combined state and local economic development incentives to promote adaptive reuse of industrial brownfields with historic structures (such as Philadelphia's Navy Yard); and

WHEREAS, On May 13, 2008, Supervisor Sophie Maxwell introduced a proposed Charter Amendment related to Pier 70 ("Pier 70 Charter Amendment") providing a method whereby the Board of Supervisors would be authorized to 1) approve a Pier 70 plan, in lieu of Pier 70 lease approval requirements under Charter Section 9.118, and 2) approve financing for waterfront improvements such as maritime terminals, the remediation of environmental conditions, the seismic strengthening of structures, and the rehabilitation of existing historic maritime resources in accordance with Secretary of Interior Standards for Historic Preservation (under certain conditions); and

WHEREAS, The Pier 70 Charter Amendment contains a provision to establish a procedure providing for greater budget certainty related to the financial provisions of certain agreements approved between the Port Commission and other City departments; and

WHEREAS, The proposed Pier 70 Charter Amendment updates the priority of uses for Port revenues by modernizing the *flow of funds* described in the Charter, consistent with current industry practice; now, therefore, be it

RESOLVED, That the Port Commission commends Supervisors Sophie Maxwell, Michaela Alioto-Pier and Tom Ammiano for sponsoring the proposed Pier 70 Charter Amendment and urges the Board of Supervisors to submit the proposal to the voters at the November 4, 2008 ballot.

I hereby certify that the Port Commission at its meeting of June 10, 2008 adopted the foregoing Resolution.

_____
Secretary

Appendix A
Text of Proposed Charter Amendment

CHARTER AMENDMENT

PROPOSITION ____

Describing and setting forth a proposal to the qualified voters of the City and County of San Francisco to amend the Charter of the City and County of San Francisco by adding Sections B7.310 and B7.320 , and amending Section B6.406, to: authorize the Board of Supervisors to approve a Pier 70 financial and land use plan; require the City to appropriate General Fund revenues in an amount up to 75% of the projected hotel and payroll taxes attributable to improvements at Pier 70 to finance those improvements; waive Board approval of leases consistent with the approved Pier 70 plan; require the City to appropriate funds for Board-approved agreements between City departments and the Port Commission; and, updating the priorities for use of Port revenues.

The Board of Supervisors hereby submits to the qualified voters of the City and County, at an election to be held on November 4, 2008, a proposal to amend the Charter of the City and County by adding Sections B7.310 and B7.320, and by amending Section B6.406, to read as follows:

Note: Additions are *single-underline italics Times New Roman*.
Deletions are ~~*strikethrough italics Times New Roman*~~.

SEC. B6.406. HARBOR REVENUES AND EXPENDITURES.

The revenues of the harbor and of all properties and facilities incident thereto, or used in connection therewith, shall be deposited in a separate fund in the treasury of the City and County; and a harbor trust fund or trust funds shall be established by the City and County; and the City and County shall deposit in the fund or funds all monies received attributable to facilities on the transferred lands in the harbor.

Subject to the terms and conditions of Statute 1968, ch. 1333, appropriations from such funds shall be made for the following purposes and in the order named, viz:

(a) for the payment of maintenance and operating expenses, pension charges and proportionate payments to such compensation and other insurance and accident reserve funds as the commission may establish or the board of supervisors may require;

~~*(b) for payment of the principal and interest of any obligations of the State of California and assumed or agreed to be paid by the City and County of San Francisco;*~~

(b) ~~*(c)*~~ for the payment of principal, interest, reserve funds, sinking funds, and other funds established for the benefit of ~~*revenue bonds issued pursuant to the authority contained in Section 7.305 of*~~ *any forms of indebtedness issued or undertaken by or on behalf of the commission for any purpose authorized under* this charter, *including, but not limited to, revenue bonds, general obligation bonds, infrastructure financing district bonds, certificates of participation, lease revenue bonds, commercial paper, variable rate demand notes, auction rate securities, bond anticipation notes and other evidences of indebtedness*;

(c) ~~*(d)*~~ for capital improvements to, *and reconstruction and replacement of,* the properties, *equipment and facilities* of *the* harbor ~~*or used in connection with the operation thereof*~~, *and*

~~*(e) for the payment of the principal and interest on any general obligation bonds issued by the City and County of San Francisco for the acquisition, construction, repair or extension of said harbor or of any of the facilities used in connection therewith;*~~

~~*(f) an amount which shall be sufficient to meet the cost of reconstruction and replacement made necessary by the physical and functional depreciation of any of the properties or equipment of said harbor as the same shall occur;*~~

~~*(g) to pay for extension and betterments to said harbor or to the equipment and facilities thereof; and,*~~

(d) ~~*(h)*~~ to establish a *reserve*, surplus or sinking fund for ~~*the improvement or extension of the harbor or any facility used in collection therewith*~~ *harbor operations, capital improvements,*

reconstruction, and replacement of equipment or facilities used in connection thereto as the commission may establish.

In the event of a conflict between any trust indenture or other instrument securing or evidencing indebtedness outstanding as of January 1, 2009 and authorized in this charter and the priorities set forth in this Section B6.406, the priorities of the debt instrument will control.

SEC. B7.310. PIER 70 MARITIME DISTRICT.

(a) The Port of San Francisco's southern waterfront includes a site known as Pier 70. For over 150 years, some portion of this site has been in use for ship building and repair, or steel production, as well as for other heavy industrial uses. In 2001, the California State Office of Historic Preservation determined that Pier 70's approximately 40 historic buildings, structures, and features are eligible for the National Register collectively as contributors to a Pier 70 historic district. This Section B7.310 is intended to enable the City and County, through its Port Commission, to rehabilitate the Pier 70 historic district by establishing planning, financing and project approval mechanisms appropriate to the area. These mechanisms will serve a significant public purpose by preserving and restoring historic waterfront properties in need of repair, restoring waterfront land, and building new waterfront parks and maritime terminals.

(b) The Port Commission may submit to the Board of Supervisors for approval a financial and land use plan for Pier 70 ("Pier 70 Plan") that includes a description of the boundaries of a Pier 70 planning area ("Pier 70 Maritime District") and projections of the Port's need for financing, in addition to authorized property tax increment financing, to preserve and restore deteriorated Pier 70 historic waterfront properties, seismically strengthen Pier 70 piers and structures, remediate and restore contaminated waterfront land and structures, build new waterfront parks, and build maritime terminals ("Waterfront Improvements"). As used in this Section B7.310, Waterfront Improvements include renovation of an existing building or pier consistent with Secretary of the Interior Standards for Historic Preservation, seismic

strengthening, environmental remediation consistent with applicable regulations and/or a plan approved by a regulatory agency with jurisdiction over the contaminated area, construction and landscaping of waterfront open space, including natural shoreline habitat, and the construction or rehabilitation of maritime terminals, but do not include interior building remodeling.

(c) Before proposing to issue or undertake indebtedness to finance Waterfront Improvements pursuant to this Section B7.310, the Port Commission, by resolution, must approve a capital budget for the proposed Waterfront Improvements and find that the revenues, including property tax increment, from private investment in and development of the proposed Pier 70 Maritime District under the Pier 70 Plan are insufficient to fund the Waterfront Improvements.

(d) The Clerk of the Board of Supervisors shall refer the Pier 70 Plan to the Controller within thirty days after the Port Commission's submission to the Board of Supervisors. Within ninety days of the Clerk's referral, the Controller and the Tax Collector, in consultation with the Department of Real Estate and the Port Commission, shall report to the Board of Supervisors the following:

1. The total amount of taxes received by the City and County from (A) the City Payroll Expense Tax under Article 12-A of the Business and Tax Regulations Code, as amended from time to time (the "Payroll Tax"), from businesses located in the Pier 70 Maritime District, and (B) Tax on Transient Occupancy of Hotel Rooms under Article 7 of the Business and Tax Regulations Code, as amended from time to time (the "Hotel Tax"), from any hotel rooms located in the Pier 70 Maritime District (the "Base Year Tax Revenues") in the full fiscal year immediately preceding the submission of the proposed Pier 70 Plan to the Board of Supervisors; and

2. The projected annual increases in Payroll Tax and the Hotel Tax above the Base Year Tax Revenues that will accrue to the General Fund for each year ("Pier 70 Annual Payroll and Hotel Tax Increment") for a twenty year period following the issuance of a certificate of occupancy related to a Port lease for one or more areas pursuant to the Pier 70

Plan, using assumptions about growth and development of allowed uses in the Pier 70 Maritime District.

The publication of the Controller's and Tax Collector's report will not be a violation of Business &Tax Regulations Code Section 6.22-1. The Controller and the Tax Collector shall be entitled to reimbursement of their costs to perform their responsibilities under this Section B7.310.

(e) The Board of Supervisors may approve the Pier 70 Plan, with or without the financing for Waterfront Improvements described by the plan. The Board of Supervisors may approve the financing for Waterfront Improvements described in the plan, if it finds that the sum of (i) lease revenues and (ii) property tax increment financing from development of the proposed Pier 70 Maritime District under the Pier 70 Plan is insufficient to fund the proposed Waterfront Improvements.

(f) If the Board of Supervisors approves the Pier 70 Plan and associated financing for Waterfront Improvements, then, for the purposes of this Section B7.310, the Base Year Tax Revenues for the Pier 70 Plan will be the total Payroll Tax from businesses located in the Pier 70 Maritime District and any Hotel Tax from any hotel rooms in the Pier 70 Maritime District in the fiscal year preceding Port Commission issuance of debt to finance Waterfront Improvements pursuant to this Section B7.310, and the Controller and the Tax Collector, in consultation with the Department of Real Estate and the Port Commission, shall revise their projections of Pier 70 Annual Payroll and Hotel Tax Increment for a twenty year period, commencing on the projected date of the Port's issuance of a certificate of completion for the Waterfront Improvements financed pursuant to this Section B7.310, based on updated assumptions about growth and development in the Pier 70 Maritime District. These updated assumptions shall serve as the basis for appropriations pursuant to this Section B7.310 for the remainder of the term of the Pier 70 Plan.

(g) If the Board of Supervisors approves financing for Waterfront Improvements described in the Pier 70 Plan, then the City and County shall appropriate from discretionary

General Fund revenues to the harbor trust fund the amount necessary to pay debt service on indebtedness issued by the Port Commission to finance Waterfront Improvements pursuant to this Section B7.310 in an amount up to seventy-five percent (75%) of the Pier 70 Annual Payroll and Hotel Tax Increment for the first fiscal year in which the Port Commission is obligated to pay debt service on indebtedness that it has issued to fund Waterfront Improvements and for each subsequent fiscal year until the earlier of (i) the date the Controller certifies that the Port Commission has retired all indebtedness issued or undertaken to finance the Waterfront Improvements or (ii) twenty fiscal years commencing with the first fiscal year that the Port Commission is obligated to pay debt service. The City and County shall appropriate the funds to the harbor trust fund notwithstanding the actual amount of the annual increase in Payroll Taxes and Hotel Taxes during any fiscal year, without any adjustment based on the actual amounts of such taxes paid or accruing to the City and County. In no event may the amount appropriated to the harbor trust fund in the aggregate be greater than seventy-five percent (75%) of the amount of Pier 70 Annual Payroll and Hotel Tax Increment estimated by the Controller for a 20-year period pursuant to subsection (d). The Port may use the funds appropriated solely to finance the construction of Waterfront Improvements described in its Pier 70 Plan and any amendments to the plan by the Port Commission and the Board of Supervisors.

(h) The Board of Supervisors' approval of the Pier 70 Plan, with or without approval of the financing for Waterfront Improvements, shall constitute approval by the Board of Supervisors of a lease for a project developed under the Pier 70 Plan under Article IX, Section 9.118 of this Charter upon approval by the Port Commission if all of the following conditions are met:

1. The Controller, in consultation with the Department of Real Estate, finds the lease consistent with the Pier 70 Plan;

2. If applicable, the lease binds the parties to (A) obtain from the National Park Service and/or State Historic Preservation Office a finding of consistency of the project contemplated by the lease with Secretary of the Interior Standards for Historic Preservation, and

(B) obtain a permit from the Bay Conservation and Development Commission for the improvement and maintenance of the 100 foot shoreline band along Pier 70 in the premises of the lease;

3. If required, the State of California has approved the consistency of the Pier 70 Plan, or portions thereof, with the Burton Act trust and the public trust for navigation, commerce and fisheries; and

4. If required, any applicable environmental regulatory agency has approved a site remediation or site management plan, or the equivalent, for the relevant portion of Pier 70, where the Port or a former owner, occupant, or operator is the primarily responsible party.

SEC. B7.320. AGREEMENTS WITH OTHER CITY DEPARTMENTS.

(a) The Mayor may submit to the Board of Supervisors for approval a memorandum of understanding or other form of interagency agreement between the Port Commission and another department or departments of the City and County, approved by the Port Commission by resolution, that requires the department(s) to expend funds or to transfer funds to the Port Commission, or requires the Port Commission to transfer funds to the department(s).

(b) If the Board of Supervisors approves the interagency agreement by resolution, the City and County shall appropriate funds sufficient to fund the expenditure or transfer until such time as the agreement expires, or is terminated by the Port Commission and other departmental parties, subject to the approval of the Mayor and the Board of Supervisors by resolution.

(c) Any modification of the agreement affecting the amount to be expended or transferred shall be approved by the Mayor and the Board of Supervisors by resolution.

PORT OF SAN FRANCISCO

MEMORANDUM

June 3, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Fiscal Year 2008-09 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates.

DIRECTOR'S RECOMMENDATION: APPROVE ATTACHED RESOLUTION

This item was first presented as an informational item at the May 27, 2008 Port Commission meeting and is now before the Port Commission for adoption.

MONTHLY RENTAL RATE SCHEDULE

On September 8, 1993, the Port Commission (Resolution No. 93-127, as amended by Resolution 93-135) delegated authority to the Executive Director to approve and execute leases and Memorandums of Understanding on behalf of the Port, provided that the terms of said leases met certain parameters as found in the Port's Leasing Policy. Contained within the 1993 delegated authority is a schedule of minimum rental rates for leases which can be executed by the Executive Director without Port Commission approval. Such delegated authority can only be executed under the following criteria:

1. The lease is for an office building or bulkhead office space, open or enclosed pier shed space, paved or unpaved open space, or open pier or apron space but is not for a retail use;

2. Except for temporary uses (with terms not exceeding six (6) months), the use under the lease or license represents a like-kind use to the existing or the immediate prior use of the facility;

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OF SAN FRANCISCO
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3. Port staff has authority to assign or sublease a Port Commission approved boilerplate Lease without Commission approval if the terms and conditions of the assignment or sublease are consistent with the September 1993 Resolution No. 93-127;

4. The lease or license is for space included in the current Rental Rate Schedule adopted by the Port Commission, and the lease or license rent conforms to the Rental Rate Schedule;

5. The tenant executes the Port's standard form lease with no alterations except for minor changes approved by the City Attorney or changes in insurance requirements approved by the City Risk Manager;

6. The lease term does not exceed five (5) years, except those leases in the Fisherman's Wharf Seafood Center at Pier 45 Sheds B and D may have a maximum lease term of ten (10) years, (Port Resolution No. 94-122; Amended February 28, 2006, by Resolution No. 06-15);

7. Port staff has the authority to issue tenant improvement allowances for floor and wall coverings if those credits do not result in the net rent over the term of the lease to be below the Minimum Net Effective Rental Rates found in the Rental Rate Schedule. Allowances for paint, up to a maximum of $2.50 per square foot, and for floor covering, up to a maximum of $2.50 per square foot, are allowable when: 1) new paint and/or floor covering is necessary in order to lease space in full service office buildings; and 2) Port staff is unable to perform such work prior to the proposed lease commencement date. These allowances are considered "landlord's work." Therefore, such work is not included in calculating the minimum Initial Lease Rental Rates;

8. The lease may include one month of free rent for early entry for the construction of tenant improvements prior to the commencement of term; and

9. Port staff provides a monthly report to the Commission indicating Leases Executed Pursuant to Port Commission's Leasing Parameters Policy.

The Port's Leasing Policy provides for an annual update of the Rental Rate Schedule. The Schedule sets ranges of minimum lease/license rental rates per square foot and ranges of minimum net effective rental rates per square foot (if any rent credits are to be provided) by type of use and facility for office and industrial space. The Port Commission last updated the Rental Rate Schedule on June 12, 2007, by Resolution No. 07-40, (attached as Exhibit A).

MARKET SUMMARY

In the later half of 2007, the San Francisco commercial real estate market leveled off, and in some cases rents have declined. Demand in some office submarkets in the San Francisco market are softening but the general outlook is still positive. Tenants and Landlords appear to be cautious about the economy. In contrast, the demand for space along the waterfront has remained high relative to that of the balance of San Francisco. Recent leasing activity has lowered the Port's office vacancy rate to less than 2 %, well below the citywide vacancy rate of

approximately 10% to 14 %. Port staff has reviewed available commercial data including market comparables of similarly situated properties to that of Port properties, the results of which are included as Exhibit B, and Port leasing activity for the prior 12 months included as Exhibit C. This data demonstrates that the Port's current Rental Rate Schedule is generally in line with current market conditions even with the flattening market. However, there are some rates, as indicated below, that Port staff is recommending be increased to better reflect the current market conditions.

Port staff continues to have the authority to negotiate higher rates than those found in the Rental Rate Schedule and, conversely, staff has the flexibility to quote rates in the mid-range or lower range of the Rental Rate Schedule when justified, for properties that may be physically sub-standard or oddly configured. In the majority of transactions, Port staff successfully negotiates rates above the Minimum Monthly Rent Parameters.

Office buildings are classified according to a combination of location and physical characteristics. *Class B* and *Class C* buildings are always defined in reference to the qualities of *Class A* buildings. There is no formula for classification but rather buildings are evaluated subjectively.

Class A office space can be characterized as buildings that have excellent location and access, attract high quality tenants, and are managed professionally. Building materials are of high quality and rents are competitive with other new buildings. *Class A* office buildings are usually located in central financial districts with higher-end amenities and lobbies. *Class A* office buildings are usually steel-framed and tall. Current rental rates for *Class A* office in San Francisco's Financial District average $4.03 per square foot per month or $48.36 annualized. In the submarket of Van Ness/Civic Center, rates are $2.92 per square foot per month or $35.04 annualized. The Port does not directly manage any *Class A* office buildings. *(Source: Cornish & Carey Commercial 1Q Report 2008* and *CBRE San Francisco Market Office Report 1Q 2008).*

Class B buildings have good (versus excellent) locations, management, and construction, and tenant standards are high. Buildings should have very little functional obsolescence and deterioration. In practical terms, *Class B* buildings are usually newer, wood-framed buildings or older, former *Class A* buildings. *Class B* office buildings are usually three stories or less. The average San Francisco *Class B* office rents as of the 1Q 2008 range from $2.30 to $3.00 per square foot per month or $27.60 to $36.00 per square foot annually. Comparatively, the average Port of San Francisco *Class B* office space for the period 1Q 2008 ranges from $2.35 to $2.95 per month or $28.20 to $35.40.

Class C buildings are typically 15 to 25 years old but are maintaining steady occupancy. A fair number of the *Class C* office spaces in the Port's inventory are not truly office buildings but rather walk-up office spaces above retail or service businesses. The average San Francisco *Class C* office space for the same period shows rental rates ranging from $1.75 to $2.42 per square foot per month or $21.00 to $29.04 per square foot annually.

The majority of Port managed office spaces primarily fall into the *Class C* category of office space with the exceptions of the Roundhouse Plaza, Pier 9, and Pier 26 Annex, which are considered *Class B.* Note that the Port's portfolio contains *Class A* space managed by Master Tenants and not subject to the Port's Rental Rate Schedule.

In the 1Q of 2008 the average Port of San Francisco *Class C* office space for the same period ranges from $2.25 to $2.70 per square foot per month or $27.00 to $32.40 per square foot annually. These rates are slightly higher than the City average by approximately 3%.

San Francisco Office Submarket Overview 1Q2008

Submarket	Net rentable area	Total vacancy rate	Class A	Class B	Class C
Financial District	*27,160,376*	*8.8%*	*$4.03*	*$3.00*	*$2.25*
S. Financial District	*20,185,328*	*7.6%*	*$4.00*	*$3.00*	*$2.25*
N.Waterfront & Jackson Square	*4,806,266*	*8.4%*	*$3.88*	*$2.96*	*$2.60*
Yerba Buena	*3,260,036*	*6.3%*	*$3.96*	*$2.92*	*$2.09*
South Market	*2,613,337*	*5.08%*	*$3.17*	*$2.84*	*$2.09*
Multimedia Gulch	*3,529,583*	*14.7%*	*$3.34*	*$3.19*	*$2.65*
Mission Bay/China Basin	*1,206,000*	*4.4%*	*$4.84*	*n/a*	*n/a*
Potrero Hill	*2,068,709*	*15.3%*	*$3.13*	*$2.94*	*$2.73*
Civic Center & Van Ness Corridor	*3,151,137*	*7.2%*	*$2.92*	*$2.50*	*$2.34*
Union Square	*3,776,028*	*11.7%*	*$3.55*	*$3.05*	*$2.57*

INDUSTRIAL AND WAREHOUSE

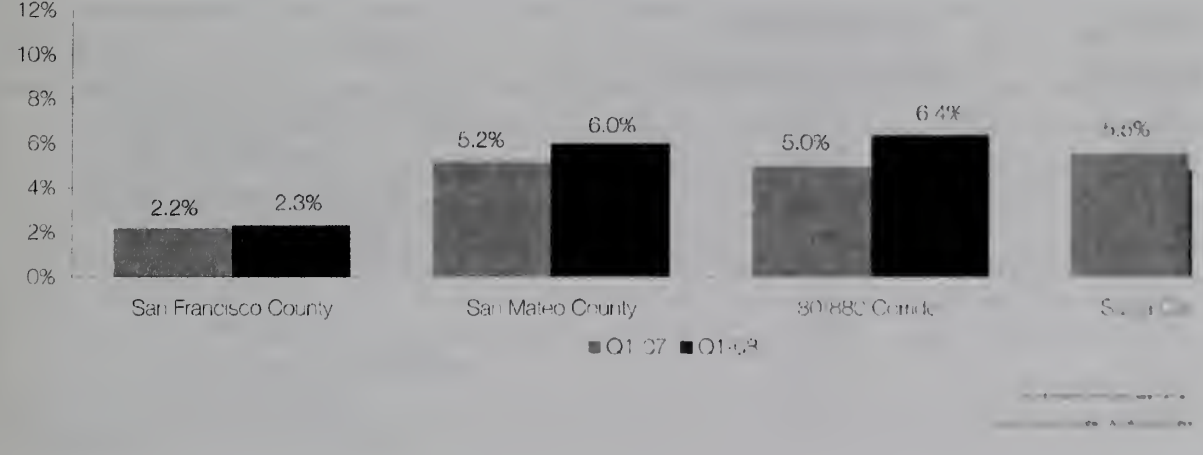
Port warehouse and industrial space demand has remained strong and rents have steadily been increasing. The Port's industrial properties have various levels of improvements including partitions, fencing, electrical service, plumbing, etc. The industrial/warehouse spaces are typically leased under "net" leases with space defined as "gross leasable area."

The majority of Port warehouses are categorized as *Class C.* Those spaces lack loading docks, attached office space, non-permeable concrete floors, and share a common drive isle. Despite the limited infrastructure, the Port has been able to negotiate rental rates comparable to private landlords. The previous twelve month average rates have been $0.75 to $0.85 per sq.ft or $9.00 to $10.20 per sq.ft annually. This appears to be somewhat better than current market conditions.

Market Summary

Submarket	Building Base	Available Space Direct	Available Space Sublease	Available Space Total	Vacancy Rate Q1-08	Vacancy Rate Q1-07
Mission/SOMA	5,141,878	78,150	0	78,150	1.5%	0.6%
3rd St Cdr/Potrero Hill	9,785,817	239,876	32,000	271,876	2.8%	2.5%
Bayview	4,359,440	88,610	8,800	97,410	2.2%	3.5%
Total San Francisco County	**19,287,135**	**406,636**	**40,800**	**447,436**	**2.3%**	**2.2%**
Brisbane	3,995,947	132,510	9,300	141,810	3.5%	3.4%
S San Francisco/ San Bruno	17,419,962	1,027,423	76,739	1,104,162	6.3%	5.6%
Burlingame/ Millbrae	3,884,785	291,026	74,750	365,776	9.4%	6.4%
San Mateo/ Foster City	723,021	23,131	0	23,131	3.2%	17.3%
Redwood City	1,233,456	58,689	117,594	176,283	14.3%	4.7%
Belmont/ San Carlos	3,259,768	23,843	0	23,843	0.7%	2.6%
Menlo Park	1,186,562	58,254	0	58,254	4.9%	0.0%
Total San Mateo County	**31,703,501**	**1,614,876**	**278,383**	**1,893,259**	**6.0%**	**5.2%**
Richmond	4,974,318	343,470	96,560	440,030	8.8%	7.6%
Berkeley	1,781,351	17,707	0	17,707	1.0%	3.3%
Emeryville	1,109,399	25,000	0	25,000	2.3%	2.6%
Oakland	13,081,710	137,424	281,471	418,895	3.2%	2.0%
San Leandro	14,785,215	686,825	553,511	1,240,336	8.4%	5.3%
Hayward	18,674,159	886,564	221,140	1,107,704	5.9%	2.1%
Union City	8,353,087	898,793	43,603	942,396	11.3%	7.3%
Newark	3,986,761	206,592	0	206,592	5.2%	14.8%
Fremont	8,209,293	331,494	33,410	364,904	4.4%	7.4%
Total 80/880 Corridor	**74,955,293**	**3,533,869**	**1,229,695**	**4,763,564**	**6.4%**	**5.0%**
Sunnyvale	1,827,665	54,934	0	54,934	3.0%	0.0%
Santa Clara	4,032,318	172,572	0	172,572	4.3%	0.9%
North San Jose	9,740,274	399,296	31,728	431,024	4.4%	6.8%
S/Central San Jose	8,914,023	81,996	138,240	220,236	2.5%	4.9%
Morgan Hill/Gilroy	2,524,645	229,941	0	229,941	9.1%	9.1%
Milpitas	5,553,574	446,327	0	446,327	8.0%	7.7%
Total Santa Clara County	**32,592,499**	**1,385,066**	**169,968**	**1,555,034**	**4.8%**	**5.5%**
Grand Total	**158,538,428**	**6,940,447**	**1,718,846**	**8,659,293**	**5.5%**	**4.8%**

Vacancy by Area



The Fiscal Year 2008-09 Monthly Rental Rate Schedule presented for Port Commission review and approval provides two sets of rental rate ranges. The first, entitled *Minimum Initial Lease Rental Rates*, represents the market rent range for the first year of the lease. The second, entitled *Minimum Net Effective Rental Rates* represents the net effective rent calculated and applied over the lease term after rent credits for flooring and wall coverings are amortized over the term of the lease. The proposed Monthly Rental Rate Schedule for Fiscal Year 2008-09 is attached hereto as Exhibit D.

PROPOSED CHANGES TO 2008-09 MONTHLY RENTAL RATE SCHEDULE

Port staff proposes changes to the Fiscal Year 2008-09 Monthly Rental Rate Schedule for office and industrial shed space consistent with the market rate review and determination. The following changes are proposed:

1. The following office properties generate strong demand from prospective tenants and currently experience very low vacancy rates. Staff recommends revised minimum monthly rents for these locations in recognition of high demand, low vacancy and a resilient Port office market.

Office Class B

Item #	Facility	From Minimum Rate of sq. ft /month	Increased to Minimum $
a)	Roundhouse Plaza	$2.30	$2.45
b)	Pier 9	$2.55	$2.75
c)	Pier 26 Annex Bldg.	$2.40	$2.50
d)	Pier 33-35 Bulkhead Bldg.	$2.25	$2.50

Office Class C

Item #	Facility	From Minimum Rate of sq. ft /month	Increased to Minimum $
a)	Agriculture Building Window	$2.00	$2.40
b)	Pier 26 Bulkhead	$2.25	$2.50
c)	Pier 28 North Bulkhead	$2.00	$2.50
d)	401 Terry Francois Blvd.	$2.00	$2.35
e)	Pier 96 Admin	$1.25	$1.35
f)	501 Cesar Chavez	$1.60	$1.80
g)	Office Storage at all facilities	$0.90	$1.10
h)	601 Cesar Chavez*	$0.00	$1.00

** Establishment of New Rate Parameter*

2. The following Industrial/warehouse Shed properties generate strong demand from prospective tenants and currently experience very low vacancy rates. Staff recommends revised

minimum monthly rents for these locations in recognition of high demand, low vacancy and an improving warehouse market.

Pier Shed and Land

Item #	Facility	From Minimum Rate of sq. ft /month	Increased to Minimum $
a)	Pier 9 Shed	$1.00	$1.25
b)	Piers 26-28	$0.75	$0.80
c)	Pier 50-54 ½	$0.75	$0.80
d)	Pier 48	$0.75	$0.85
e)	Pier 96 M&R Building	$0.65	$0.75
f)	SWL 343 or 354	$0.60	$0.75
g)	Pier 80	$0.60	$0.75
h)	Pier 92, SWL 344 & 354	$0.60	$0.75
i)	Open Land North & South	$0.25	$0.26
j)	Paved Land North & South *	$0.00	$0.28
k)	Improved Land North & South *	$0.00	$0.30
l)	Piers 15,17, 27, 29, 31,45	$0.70	$0.75
m)	Pier 33	$0.75	$0.80

** Establishment of New Rate Parameter*

3. The rental rates at Pier 45 Fish Processing Center have not been adjusted since 2005. Therefore, staff recommends incremental adjustments in each category.

Improved Shed -Fish Wholesaling & Processing Space

Item #	Facility	From Minimum Rate of sq. ft /month	Increased to Minimum $
a)	Pier 45 Sheds	$0.75	$0.80
b)	Pier 45 Second Floor Warehouse	$0.35	$0.40
c)	Pier 45 Office	$1.00	$1.10
d)	Aprons	$0.20	$0.25
d)	Fish Gear Storage	$0.20	$0.22

(Research sources: BT Commercial Market Overview 1Q 2008, TRI Commercial 2008; BT Commercial Warehouse Report 4Q 2007; Port Leasing Activity past 12 months, San Francisco Economic Trend Data 1Q 2008, Cornish & Carey Office Report 1Q 2008,Carneghi-Blum & Partners, CB Richard Ellis 2008 Market Outlook, San Francisco Bay Area 2008)

BACKGROUND: PARKING

The Port operates a number of parking facilities where the Port leases individual parking stalls on a monthly basis (328 stalls). The majority of the stall holders are Port tenants. A map is

attached that shows the location of those facilities at which the Port currently offers this monthly parking (attached as Exhibit E).

On June 12, 2007 the Port Commission approved a new Monthly Parking Stall Rate Schedule by Resolution No. 07-40. This Monthly Parking Stall Rate Schedule was approved by the Port Commission with the understanding that Port staff would present to the Port Commission, for its review and approval a revised rate schedule for monthly parking each fiscal year. Accordingly, staff herein presents this Monthly Parking Stall Rate Schedule for fiscal year 2008-09 for the Commission's review as included below.

Since the last parking stall rate adjustments, the parking market has continued to strengthen. Port staff recently conducted a survey of comparable parking facilities in the vicinity of Port property where the Port rents monthly parking stalls (attached hereto as Exhibit F). The survey determined that the monthly parking stall rates for Port facilities are in line with current market rates. Therefore staff proposes modest incremental increases to the Monthly Parking Stall Rate Schedule because demand remains high and increases keep pace with the market.

Please note that the parking rates in this report do not include any City parking tax, currently 25%, which is paid by the stall holder and remitted by the Port to the San Francisco Tax Collector.

PROPOSED CHANGES TO FY 2008-09 MONTHLY PARKING RATE SCHEDULE

Site	Type	Current Rate		Proposed Rate		Increase (Tax Included)
		Rent	Rent & Tax	Rent	Rent & Tax	
Agriculture Bldg	Building Tenants Parking	$300	$375	$308	$385	$10
Pier 9	Shed Parking	$256	$320	$264	$330	$10
	Uncovered Parking	$236	$295	$244	$305	$10
Wharf J3	Commercial Tenants Parking	$236	$295	$244	$305	$10
	Restaurant Tenants Parking	$152	$190	$160	$200	$10
	Fishing Industry Tenants Parking	$56	$70	$60	$75	$5
Pier 45, Shed C	Commercial Tenants Parking	$256	$320	$264	$330	$10
	Restaurant Tenants Parking	$152	$190	$160	$200	$10
	Fishing Industry Tenants Parking	$56	$70	$60	$75	$5
Seawall Lot 302	Commercial Tenants Parking	$256	$320	$260	$325	$5
	Restaurant Tenants Parking	$152	$190	$160	$200	$10
	Sport Fishing Tenants Parking	$92	$115	$96	$120	$5
Seawall Lot 303	Commercial Tenants Parking	$240	$300	$248	$310	$10
	Restaurant Tenants Parking	$152	$190	$160	$200	$10
Seawall Lot 349	Uncovered Parking	$112	$140	$120	$150	$10

Site	Type	Current Rate		Proposed Rate		Increase (Tax Included)
		Rent	Rent & Tax	Rent	Rent & Tax	
Pier 80	Admin Bldg Uncovered Parking	$160	$200	$168	$210	$10
	Yard Uncovered Parking	$112	$140	$120	$150	$10
Pier 84	Uncovered Parking	$112	$140	$120	$150	$10
Pier 96	Uncovered Parking	$112	$140	$120	$150	$10

The Port makes available parking stalls at cost for its employees' vehicles. The current parking operator at SWL 324 (Broadway lot) , agreed to provide sixty parking spaces at SWL 324 for Port employees by using a rent credit of $2,250 per month (60 spaces at $37.50 per space plus 25% City parking tax, which was the same as what the Port charged its employees before the rate increased in year 2005). The vacancy rates indicated above relate to the 60 spaces reserved solely for Port employee parking. The remainder of the parking lot is operated by Central Parking System for public commuter parking. Regardless of the number of spaces utilized by the employees, the Port is still required to maintain the reservation of sixty spaces with Central Parking System. The Port must keep the vacancy factor lower than 15% to avoid loss. The vacancy rate is currently 17% as of May 2008. Port staff recommends changes in the employee parking rates set by the Port Commission at Pier 3, Pier ½ and SWL 351 only. All other employee parking rates are recommended to remain unchanged.

PROPOSED PORT EMPLOYEES MONTHLY PARKING RATE FOR FY 08/09

Facility	For	Current Rate		Proposed Rate		Increase (Tax Included)
		Rate	Rent & Tax	Rent	Rent & Tax	
Pier ½, Pier 3 & Seawall Lot 351	Port Commissioner, Executive Director	$100	$125	$104	$130	$5
	Employees who have been granted a reasonable accommodation under the Americans with Disabilities Act	$36	$45	$44	$55*	$10
Seawall Lot 324	Employees assigned to Pier 1; parking available for one employee vehicle used for commuting	$44	$55	$44	$55*	$0
Pier 50 or at jobsite	Employees assigned to Pier 50 or whose collective bargaining agreement allows for free parking; one automobile space for vehicle used by the employee for commuting (no boats, trailers, three-axle vehicles, etc.)	$0	$0	$0	$0	$0

** Equivalent to the cost of a MUNI FastPass plus $10. Will be adjusted correspondingly to future FastPass increase.*

FINANCIAL IMPACT

The annualized Monthly Parking Stall revenue is $378,192 as of May 1, 2008. The annualized revenue based on the proposed rate will increase to $397,488 or 5%.

SPECIAL EVENTS AND FILMING

The Port's 7½ miles of waterfront property is a popular venue for special events and filming projects produced each year in the City. Among the most notable special events are *Fleet Week, 4th of July Celebration and Fireworks, Festival of Sail, KFOG Kaboom, New Year's Eve, Giants' Fanfest* and *the Nike Women's Marathon.*

A number of major motion pictures and television series have been produced on Port property including; *Milk, Monk, and the Zodiac.*

The Port is also very popular with advertisers that account for the majority of still photo shoots that occur at the Port. From elegant fashion and auto ads located at Pier 7 to the more urban industrial projects shot in the Southern Waterfront, the Port offers a variety of locations sought after by creative photographers.

In order to standardize fees charged for various Port facilities, Port staff has established a Special Event and Filming Fee Schedule. The schedule is reviewed annually to reflect current market conditions and submitted to the Port Commission for re-approval. On June 12, 2007 the Port Commission by Resolution No. 07-40 amended the Rental Rate Schedule to include the Special Event and Filming Fee Schedule, (included as Exhibit G).

There are several recurring Special Events/Uses that have a strong Maritime connection to the Port of San Francisco and have customarily been given either a fee wavier or fee reduction by the Port Commission on an ad hoc basis. In order to streamline the administrative process and costs associated with preparing individual Commission Agenda Items for each event, staff recommends that the Port Commission approve the recommended fees for these events.

1. Proposed Fee Waiver: *4th of July Celebration; Fleet Week; City's New Year's Eve Celebration, Madonna Del Lume, and 2008 Festival of Sail.*

2. Proposed Fee Reductions: *Small Boat Fishing Gear Swap Meet $300 versus $2,000 and Delancey Street Christmas tree Lot, $3,528 versus $7,055.*

Prior to 2006 the basic guiding principal behind setting fees for special events was found in 1993 Port Commission Resolution No. 93-127 as amended by Resolution 93-135, which approved the leasing parameters. The approval delegated authority to the Executive Director to approve and execute leases on behalf of the Port, provided the terms of said lease meet approved, document leasing parameters.

The methodology for deriving the fees described in the Special Events and Filming Fee Schedule is a combination of market research, continuous dialog with special events promoters and mostly the Port's own experience at negotiating fees. Because of the variety and unique characteristics of Port property, the Port has been able to set fees for special events and filming.

The attached Special Event and Filming Schedule reflects both a comparison of fees charged by the Port and other public venues in the City, such as athletic events and other entertainment venues managed by the Department of Parks and Recreation, film permits issued through the Film Commission, and rates charged for the Concourse Exhibition Center.

In Fiscal Year 2007-08 special events and filming generated a combined total of $170,782 in revenues to the Port. Of this amount, special events generated $158,254 and filming $12,528.

PROPOSED CHANGES TO FY 2008-09 SPECIAL EVENT AND FILMING RATE SCHEDULE

The proposed changes to the FY 2008-09 Special Event and Filming Rate Schedule are listed on (Exhibit H). Port staff recently negotiated a Memorandum of Understanding with the Department of Elections for the entire Shed B portion of Pier 48. As a result staff has updated the rental rates for Pier 48 to reflect the change in rentable area.

Item #	Facility	From Minimum	Increased/decreased to Minimum $
a)	Pier 48 Shed A & C Private Event	$25,000 per day	$15,000 per day
b)	Pier 48 Shed A & C Paid attendees	$35,000 per day	$20,000 per day
c)	Pier 48 Shed A & C Paid attendees set-up	$ 2,000 per day	$ 2,500 per day
c)	Pier 48 Shed A & C Free admittance	$20,000 per day	$12,500 per day

There are no other changes proposed to the FY 2008-09 Special Event and Filming Rate Schedule.

RECOMMENDATION

Port staff recommends that the Port Commission approve the Fiscal Year 2008-09 Monthly Rental Rate Schedule, Parking Rate Schedule, and the Special Event and Filming Rate Schedule. Upon adoption, the Executive Director or her designee will be authorized to enter into leases, licenses, and Memorandums of Understanding without specific Port Commission approval of each lease provided that the lease conforms to all the approved leasing parameters. Port staff would not be authorized to enter into leases at rental rates below those adopted without specific authorization from the Port Commission.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager

PORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-39

WHEREAS, by Resolution No. 93-127, adopted September 8, 1993, and as amended by Resolution 93-135, this Commission authorized the Executive Director to approve and execute leases, licenses, and memorandums of understanding that conform to all of the leasing parameters set forth in Resolutions No. 93-127 and 93-135; and

WHEREAS, said leasing parameters provide that leases, licenses, and memorandums of understanding so approved and executed shall have rents that conform to the Monthly Rental Rate Schedule, Parking Stall Rate Schedule, and Special Event and Filming Rate Schedule adopted and amended periodically by the Port Commission; and

WHEREAS, Port staff has reviewed current office/industrial-warehouse, parking, and special event and filming market data and has prepared an updated Monthly Rental Rate Schedule, Parking Stall Rate Schedule to reflect current market conditions, and Special Event and Filming Rate Schedule; and

WHEREAS, Port staff recommends amendments to the Monthly Rental Rate Schedule, Parking Rate Schedule, and Special Events and Filming Rate Schedule which would set rental rates for Fiscal Year 2008-2009 for office/industrial space, monthly parking stalls, and special event and filming rates for private businesses and city department tenants and licensees as outlined in the accompanying Memorandum and Exhibits; now therefore be it

RESOLVED, that the Port Commission hereby approves and adopts the Fiscal Year 2008-2009 Monthly Rental Rate Schedule, Parking Rate Schedule, and the Fiscal Year 2008-2009 Special Event and Filming Rate Schedule included in this Agenda memorandum effective July 1, 2008; and be it further

RESOLVED, that Port staff shall continue to provide the Port Commission, within thirty days following each calendar month, a summary of staff actions taken under this Resolution, such as leases, licenses, and memorandums entered into and subleases or assignments consented to during that month.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of June 10, 2008.

_____

Secretary

EXHIBIT A

2007-08 MININUM MONTHLY RENTAL RATE SCHEDULE[+]

TYPE OF USE & TYPE OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
OFFICE SPACE USES:			
FULL SERVICE GROSS LEASES:	CLASS B		
	Roundhouse Plaza	$2.30 - 2.95	$1.98 - 2.05
	CLASS C		
	Agriculture Building		
	Window Office	$2.00 - 2.60	$1.78 - 2.88
	Interior Office	$1.50 - 2.00	$0.98 - 1.48
	401 Terry Francois	$2.00 - 2.50	$1.67 - 2.25
	696 Amador	$1.75 - 1.80	$1.50 - 1.60
NET LEASES:	CLASS B		
	Pier 9 Bulkhead Bldg.	$2.55 - 3.00	$2.40 - 2.90
	Pier 9 Pier Offices	$2.55 - 3.00	$2.40 - 2.90
	Pier 26 Annex Bldg.	$2.40 - 2.90	$2.40 - 2.90
	Pier 33-35 Bulkhead Bldg.	$2.25 - 2.75	$1.90 - 2.50
	CLASS C		
	Piers 15-19 Bulkhead Bldgs.	$1.85 - 2.00	$1.85 - 1.75
	Pier 27 Admin. Bldg.	$1.35 - 1.60	$1.35 - 1.44
	Pier 29 Annex Bldg.	$1.35 - 1.60	$1.35 - 1.44
	490 Jefferson St.	$1.85 - 2.25	$1.85 - 2.25
	Piers 26 Bulkhead Bldg.	$2.25 - 2.50	$2.00 - 2.25
	Pier 28 Bulkhead Bldg.	$2.00 - 2.00	$1.25 - 1.75
	Piers 50 Bulkhead Bldg.	$1.80 - 2.30	$1.55 - 2.05
	Pier 54 Office	$1.50 1.75	$1.25 1.40
	Pier 70, Building 11	$0.95 - 1.25	$0.95 - 1.25
	501 Cesar Chavez	$1.60 - 1.80	$1.25 - 1.50
	Pier 96 Admin. Bldg.	$1.25 - 1.50	$0.75 - 1.50
	Pier 96 Gate House Bldg.	$1.25 - 1.50	$0.75 - 1.25
OFFICE STORAGE	All Facilities	$0.90 - 0.90	$0.90 - 0.90
INDUSTRIAL SHED USES:			
INDUSTRIAL GROSS LEASES:	NORTHEAST WATERFRONT		
	Pier 2	$0.40 - 0.40	$0.40 - 0.40
	Pier 9	$1.00 - 1.00	$1.00 - 1.00
	Pier 17 – 45 (excludes 27/29)	$0.70 - 1.00	$0.70 - 0.75
	Pier 27/29/31	$0.70 - 0.80	$0.70 - 0.75

EXHIBIT A

TYPE OF USE & TYPE OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
	SOUTH BEACH/CHINA BASIN		
	Pier 24 Annex	$0.40 0.40	$0.40 0.40
	Piers 26-28	$0.75 - 1.00	$0.75 - 1.00
	Piers 48	$0.75 - 1.10	$0.75 - 0.85
	Pier 50-54 1/2	$0.75 - 1.10	$0.75 - 1.10
	SOUTHERN WATERFRONT		
	SWLs 343 & 354	$0.60 - 0.75	$0.60 - 0.75
	Pier 80	$0.60 - 0.75	$0.60 - 0.75
	Pier 92 & SWLs 344 & 349	$0.60 - 0.71	$0.60 - 0.71
	Pier 96 M & R	$0.65 - 0.70	$0.60 - 0.65
OPEN LAND AND PIER SPACE USES:			
INDUSTRIAL GROSS LEASES: "PORT STANDARD NET LEASE"	NORTHEAST WATERFRONT	$0.25 - 0.30	$0.20 - 0.30
	SOUTH BEACH/CHINA BEACH	$0.25 - 0.30	$0.20 - 0.30
	SOUTHERN WATERFRONT	$0.25 - 0.30	$0.20 - 0.30
FISHING INDUSTRY USES:			
INDUSTRIAL GROSS LEASES:	FISH WHOLESALING & PROCESSING SPACE		
	Improved Fish Processing Space		
	Pier 45 Sheds	$0.75 - 0.80	$0.75 - 0.80
	Second floor warehouse	$0.35 - 0.40	$0.35 - 0.40
	Pier 45 Office	$1.00 - 1.50	$1.00 - 1.00
	Sheds		
	Pier 33	$0.75 - 0.80	$0.70 - 0.70
	699 Illinois	$0.75 - 0.80	$0.70 - 0.70
	Aprons	$0.20 - 0.20	$0.20 - 0.20
LICENSES:	FISHING GEAR STORAGE	$0.20 - 0.20	$0.20 - 0.20

[+] The range in rental rates is provided as an example of the minimum rental rates for different space in the building (ie. higher rates for higher floors). It is not, and should not be construed as, a cap or maximum rental rate for such space.

* Minimum Net Effective Rents are rents that reflect the application of rent credits for new paint and carpet. The Minimum Net Effective Rates reflect the amortization of rent credits provided by Port over the term of the lease.

Exhibit B

CBRE
CB RICHARD ELLIS

San Francisco Market

OFFICE REPORT

FIRST QUARTER 2008

Submarkets	NRA	Total Vacancy Rate[1]	Total Availability Rate	Total Direct Available	Total Sublease Available	Average Asking Rate[2]	Q1 Net Absorption	Y-T-D Net Absorption
Financial District	**27,160,376**	**8.8%**	**11.9%**	**2,540,955**	**685,612**	**$47.58**	**(272,688)**	**(272,688)**
Class A	20,161,572	8.3%	11.3%	1,816,674	458,835	$51.00	(277,580)	(277,580)
Class B	6,261,221	11.0%	14.7%	690,518	226,777	$39.00	10,054	10,054
Class C	737,583	4.6%	4.6%	33,763	0	$27.00	(5,162)	(5,162)
South Financial District	**20,185,328**	**7.6%**	**11.7%**	**1,999,571**	**360,347**	**$45.27**	**(96,368)**	**(96,368)**
Class A	16,301,341	7.5%	12.1%	1,659,994	314,729	$48.00	(96,323)	(96,323)
Class B	2,946,384	8.8%	11.3%	289,770	42,468	$36.00	30,550	30,550
Class C	937,603	5.0%	5.6%	49,807	3,150	$27.00	(30,595)	(30,595)
CBD*	**47,345,704**	**8.3%**	**11.8%**	**4,540,526**	**1,045,959**	**$46.60**	**(369,056)**	**(369,056)**
Class A	36,462,913	8.0%	11.7%	3,476,668	773,564	$49.66	(373,903)	(373,903)
Class B	9,207,605	10.3%	13.6%	980,288	269,245	$38.04	40,604	40,604
Class C	1,675,186	4.8%	5.2%	83,570	3,150	$27.00	(35,757)	(35,757)
North Waterfront/Jackson Sq	**4,806,266**	**8.4%**	**11.9%**	**513,328**	**59,248**	**$37.19**	**(45,417)**	**(45,417)**
Class A	1,392,159	10.5%	13.2%	176,030	7,512	$46.50	(7,147)	(7,147)
Class B	2,731,743	7.4%	11.9%	272,825	51,236	$33.50	(10,098)	(10,098)
Class C	682,364	8.1%	9.5%	64,473	500	$33.00	(28,172)	(28,172)
Rincon/South Beach	**2,741,902**	**10.1%**	**12.7%**	**309,737**	**39,680**	**$41.25**	**70,371**	**70,371**
Class A	1,191,326	4.1%	9.4%	72,580	39,680	$45.00	61,230	61,230
Class B	1,336,076	12.5%	13.2%	176,657	0	$40.00	9,141	9,141
Class C	214,500	28.2%	28.2%	60,500	0	$28.25	0	0
Yerba Buena	**3,260,036**	**6.3%**	**18.8%**	**600,600**	**13,872**	**$35.57**	**(84,065)**	**(84,065)**
Class A	526,015	3.8%	3.8%	19,754	0	$47.50	0	0
Class B	2,262,216	4.0%	22.1%	494,346	6,372	$35.00	(15,476)	(15,476)
Class C	471,805	19.9%	19.9%	86,500	7,500	$25.00	(68,589)	(68,589)
South of Market	**2,613,337**	**5.0%**	**31.7%**	**781,484**	**47,859**	**$32.37**	**20,203**	**20,203**
Class A	500,250	2.6%	2.6%	13,129	0	$38.00	11,403	11,403
Class B	1,416,267	3.4%	52.6%	697,000	47,859	$34.00	5,300	5,300
Class C	696,820	10.1%	10.2%	71,355	0	$25.00	3,500	3,500
Multimedia Gulch	**3,529,583**	**14.7%**	**19.9%**	**494,406**	**206,705**	**$38.04**	**5,960**	**5,960**
Class A	1,293,060	24.1%	28.5%	285,076	83,301	$40.00	8,209	8,209
Class B	1,636,814	11.1%	18.6%	189,866	115,380	$38.25	410	410
Class C	599,709	4.6%	4.6%	19,464	8,024	$33.25	(2,659)	(2,659)
Mission Bay/China Basin	**1,206,000**	**4.4%**	**19.5%**	**234,958**	**0**	**$58.00**	**(10,672)**	**(10,672)**
Class A	1,206,000	4.4%	19.5%	234,958	0	$58.00	(10,672)	(10,672)
Potrero Hill	**2,068,709**	**15.3%**	**16.5%**	**293,925**	**46,654**	**$34.87**	**11,113**	**11,113**
Class A	257,109	13.6%	13.6%	34,841	0	$37.50	7,525	7,525
Class B	1,263,745	20.6%	22.5%	237,849	46,654	$35.25	24,823	24,823
Class C	547,855	3.9%	3.9%	21,235	0	$32.75	(21,235)	(21,235)
Civic Center/Van Ness	**3,151,137**	**7.2%**	**10.7%**	**256,891**	**79,650**	**$31.05**	**7,645**	**7,645**
Class A	942,874	8.9%	11.6%	106,623	1,534	$35.00	7,118	7,118
Class B	1,512,217	8.5%	14.2%	136,214	78,116	$30.00	527	527
Class C	696,046	2.0%	2.0%	14,054	0	$28.00	0	0
Union Square	**3,776,028**	**11.7%**	**13.7%**	**491,630**	**24,845**	**$36.54**	**(47,727)**	**(47,727)**
Class A	243,840	6.9%	10.9%	19,597	6,882	$42.50	3,690	3,690
Class B	2,452,624	12.3%	14.8%	345,429	17,963	$38.50	(42,634)	(42,634)
Class C	1,079,564	11.3%	11.7%	126,604	0	$30.75	(8,783)	(8,783)
San Francisco Office Market	**74,498,702**	**8.7%**	**13.5%**	**8,517,485**	**1,564,472**	**$43.10**	**(436,933)**	**(436,933)**
Class A	44,015,546	8.3%	12.2%	4,439,256	912,473	$48.79	(290,084)	(290,084)
Class B	23,819,307	9.8%	17.5%	3,530,474	632,825	$36.50	12,187	12,187
Class C	6,663,849	8.2%	8.5%	547,755	19,174	$29.05	(159,036)	(159,036)

1 Total Vacancy Rate = Direct Vacancy Rate + Sublet Vacancy Rate
2 Direct Lease Rates, Full Service Gross.
* CBD consists of Financial District and South Financial District submarkets

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Port of San Francisco Exhibit C - Rental Transactions

Active Office Rental Transactions Effective May 1, 2007 to April 18, 2008

Company Name	Leasehold Name	Contract #	Facility	Eff Date	Exp Date	Sqft	Rate/SF	Lshld Type	Class
FERRY PLAZA									
San Francisco International Children's Games, 2008	101 The Embarcadero, Agriculture Bldg, Ste 20E	L-14523	2780	03/13/08		536	2.50	OFFICE-FS	Class C
Waterfront Container Leasing Company, Inc.	AG. Bldg #214 & 215	L-14402	2780	09/01/07	08/31/12	451	2.10	OFFICE-FS	Class C
					Avg Mo Rental Rate		**2.30**		
NORTHERN WATERFRONT									
Peletz & Company	98 Lombard @ Roundhouse Two	L-14403	3180	08/01/07	07/31/09	1,106	2.30	OFFICE-FS	Class B
Garcia Francica	10 Lombard - Parcel A - Ste 150	L-14446	3180	09/01/07	08/31/10	2,298	2.30	OFFICE-FS	Class B
The Rosenberg Company	10 Lombard, Suite 250	L-14471	3180	01/01/08	12/31/09	2,127	2.30	OFFICE-FS	Class B
Jones & Stokes Associates, Inc.	10 Lombard Street, Suite 300	L-14433	3180	02/01/08	01/31/12	7,477	2.30	OFFICE-FS	Class B
					Avg Mo Rental Rate		**2.30**		
Centered Networks, Inc.	Pier 33 1/2, Suite 201	L-14512	1335	02/15/08	02/14/09	871	2.95	OFFICE-NET	Class B
Architects, Planners and Conservators, Inc.	Pier 9, Suite 103	L-14413	1090	09/17/07	03/31/09	564	2.75	OFFICE-NET	Class B
VoxPop Network Corporation	Pier 9, Suite 116	L-14322	1090	05/01/07	04/30/08	3,333	2.62	OFFICE-NET	Class B
E-PFR Technologies, Inc.	Pier 33 North, Mezzanine space	L-14285	1335	07/01/07	06/30/12	200	2.25	OFFICE-NET	Class B
E-PFR Technologies, Inc.	Pier 33 North, Office Space	L-14285	1335	07/01/07	06/30/12	432	2.25	OFFICE-NET	Class B
Festival Network	Pier 35, Ste 201	L-14493	1351	01/21/08	01/20/11	3,373	2.25	OFFICE-NET	Class B
					Avg Mo Rental Rate		**2.51**		
BCCI Construction Co.	Pier 15/17 Valley Office	14468	1155	09/14/07	06/30/08	1,579	2.00	OFFICE-NET	Class C
TCHO Ventures, Inc.	Parcel C - Pier 17 Bulkhead Office Space	L-14432	1170	12/18/07	12/31/08	235	1.85	OFFICE-NET	Class C
TCHO Ventures, Inc.	Parcel A - Pier 17 Bulkhead Office Space	L-14432	1170	12/18/07	12/31/08	4,263	1.85	OFFICE-NET	Class C
San Francisco Soccer	Pier 27 Admin. Bldg. #102	L-14439	2275	10/04/07	10/03/08	162	1.35	OFFICE-NET	Class C
CB2 Builders, Inc.	Pier 27 Admin. Bldg. Ste 206	L-14278	2275	08/01/07	06/30/08	2,429	1.35	OFFICE-NET	Class C
Becker Construction	Pier 27, Admin Bldg Ste 203	L-14279	2275	05/04/07	05/03/08	198	1.25	OFFICE-NET	Class C
					Avg Mo Rental Rate		**1.61**		
SOUTH BEACH									
Shell Cellar Direct Import	Pier 28, Parcel A - Bulkhead Office	L-14367	1280	05/22/07	05/21/10	747	2.45	OFFICE-NET	Class C
Land and Sea Restaurants	Pier 26 Office	L-14323	1260	06/13/07	05/31/12	1,257	2.25	OFFICE-NET	Class C
IDEO Product Development, Inc.	Pier 28 - South, 2nd Fl Bulkhead Office	L-14467	1280	10/01/07	09/30/08	1,831	2.25	OFFICE-NET	Class C
Shelton Theater LLC	Pier 26 Office	L-14311	1260	05/01/07	04/30/10	2,101	2.20	OFFICE-NET	Class C
					Avg Mo Rental Rate		**2.29**		
SOUTHERN WATERFRONT									
Cappa & Graham, Inc.	Pier 50, Admin Bldg., Ste 200 (waterside)	L-14385	2505	07/01/07	01/31/10	2,302	2.15	OFFICE-FS	Class C
Cappa & Graham, Inc.	Pier 50, Admin Bldg., Ste 128 (streetside)	L-14385	2505	07/01/07	01/31/10	578	2.10	OFFICE-FS	Class C
					Avg Mo Rental Rate		**2.13**		
R Cunningham & Co, Inc	Pier 54 Suite 211	L-14422	1540	07/01/07	01/09/09	157	3.00	OFFICE-NET [1]	Class C
R Cunningham & Co, Inc	Pier 54 Suite 209	L-14422	1540	07/01/07	01/09/09	453	3.00	OFFICE-NET [1]	Class C
Geocell System, Inc	Pier 54 Suites 201	L-14424	1540	07/01/07	11/06/08	148	2.75	OFFICE-NET [1]	Class C

Port of San Francisco

Exhibit C - Rental Transactions

Active Office Rental Transactions Effective May 1, 2007 to April 18, 2008

Company Name	Leasehold Name	Contract #	Facility	Eff Date	Exp Date	Sqft	Rate/SF	Lshld Type	Class
Geocell System, Inc.	Pier 54 Suites 203	L-14424		07/01/07	11/06/08	158	2.75	OFFICE-NET [1]	Class C
Geocell System, Inc.	Pier 54 Suites 206	L-14424	1540	07/01/07	11/06/08	190	2.75	OFFICE-NET [1]	Class C
Geocell System, Inc.	Pier 54 Suites 205	L-14424	1540	07/01/07	11/06/08	211	2.75	OFFICE-NET [1]	Class C
Geocell System, Inc.	Pier 54 Suites 202	L-14424	1540	07/01/07	11/06/08	263	2.75	OFFICE-NET [1]	Class C
CES Controlled Environmental Services, Inc.	Pier 54, Suite 103	L-14421	1540	11/21/07	11/20/08	172	2.50	OFFICE-NET [1]	Class C
Fibrwrap Construction, Inc.	Pier 50 Shed B, Parcel A Office	L-14415	1500	01/16/08	01/15/10	1,095	2.00	OFFICE-NET [1]	Class C
Bay Area Handpicked Cars, LLC	Pier 54, Suite 204	L-14419	1540	09/17/07	09/16/08	142	1.88	OFFICE-NET [1]	Class C
Diamond Freight System, Inc.	Pier 50, Shed A, Parcel A	L-14481	1500	02/15/08	02/14/13	681	1.25	OFFICE-NET	Class C
Hasbun, Gabriela	Pier 70, Bldg. #11, Suites 218 & 220	L-14391	3491	08/01/07	07/31/08	1,480	1.10	OFFICE-NET	Class C
Crosslink, Inc.	Parcel C - Maritime Office	L-14399	1500	01/01/08	06/30/20	256	1.00	OFFICE-NET	Class C
Crosslink, Inc.	Parcel B - Maritime Office	L-14399	1500	01/01/08	06/30/20	486	1.00	OFFICE-NET	Class C
Crosslink, Inc.	Parcel A - Maritime Office	L-14399	1500	01/01/08	06/30/20	3,089	1.00	OFFICE-NET	Class C
Hua, Phillip T.	Pier 70, Bldg. #11, Suite 305	L-14390	3491	07/01/07	06/30/08	1,008	1.00	OFFICE-NET	Class C
					Avg Mo Rental Rate		**2.03**		

[1] Rate includes utilities only.

Active Warehouse Rental Transactions Effective May 1, 2007 to April 18, 2008

Company Name	Leasehold Name	Contract #	Facility	Eff Date	Exp Date	Sqft	Rate/SF	Lshld Type	Class
NORTHERN WATERFRONT									
SFCC Municipal Transportation Agency	Pier 17	M-14396	1170	09/01/07	08/31/10	30,625	0.70	SHED	Class C
Becker Construction	Pier 27, Admin Bldg Ste 204	L-14279	2275	05/04/07	05/03/08	238	0.77	SHED	Class C
TCHO Ventures, Inc.	Parcel B - Pier 17 Bulkhead Storage Space	L-14432	1170	12/18/07	12/31/08	254	0.70	SHED	Class C
TCHO Ventures, Inc.	Parcel D - Pier 17 Shed Space	L-14432	1170	12/18/07	12/31/08	19,495	0.70	SHED	Class C
De Rothschild, David	Pier 31, Shed	14533	1310	04/04/08	09/30/08	6,300	0.70	SHED	Class C
E.A.N. Corporation	Pier 33, Shed Bays 19-25	L-14400	1330	07/16/07	07/15/08	3,690	0.70	SHED	Class C
				Avg Mo Rental Rate			**0.71**		
SOUTH BEACH									
Dust Free, Inc.	Pier 28, Bay 39	L-14511	1280	03/03/08	03/02/10	1,100	1.15	SHED	Class C
Shell Cellar Direct Import	Pier 28, Parcel B - Storage Space	L-14367	1280	05/22/07	05/21/10	577	1.10	SHED	Class C
Land and Sea Restaurants	Pier 26 Storage	L-14323	1260	06/13/07	05/31/12	976	1.00	SHED	Class C
SFCC Dept. of Elections	Pier 48 Shed B	M-14290	1480	01/01/08	12/31/11	86,954	0.77	SHED	Class C
Fine Line Group, Inc.	Pier 26 Bay 83	L-14366	1260	06/20/07	06/19/09	200	0.75	SHED	Class C
Saggers, Keith R	Pier 26, Bay 75	L-14375	1260	10/15/07	10/14/09	913	0.75	SHED	Class C
Land and Sea Restaurants	Pier 26 Shed	L-14323	1260	06/13/07	05/31/12	4,265	0.70	SHED	Class C
Laritas Inc.	Pier 26, Bays 41-45	L-14326	1260	08/01/07	07/31/10	2,727	0.70	SHED	Class C
Bay Cities Painters & Decorators	Pier 28, Shed Space	L-14359	1280	09/01/07	08/31/12	5,580	0.68	SHED	Class C
Pilara Family Foundation	Pier 24 Annex Shed Space	L-14414	1245	12/01/07	05/31/15	27,311	0.40	SHED	Class C
				Avg Mo Rental Rate			**0.80**		
SOUTHERN WATERFRONT									
Skyline Commercial Interiors, Inc.	Pier 50, Shed B; Bays 55-61	L-14447	1500	09/17/07	09/16/10	3,286	0.85	SHED	Class C
Diamond Freight System, Inc.	Pier 50, Shed A, Parcel C	L-14481	1500	02/15/08	02/14/13	1,642	0.79	SHED	Class C
Diamond Freight System, Inc.	Pier 50, Shed A, Parcel D	L-14481	1500	02/15/08	02/14/13	1,642	0.79	SHED	Class C
Diamond Freight System, Inc.	Pier 50, Shed A, Parcel B	L-14481	1500	02/15/08	02/14/13	2,464	0.79	SHED	Class C
Adina For Life, Inc.	Pier 50, Shed A, Bays 36-46	L-14412	1500	07/15/07	07/14/08	8,800	0.75	SHED	Class C
Fibrwrap Construction, Inc.	Pier 50 Shed B, Parcel B Bays 3-9	L-14415	1500	01/16/08	01/15/10	3,077	0.75	SHED	Class C
Mantol Ltd	Parcel A - Shed Parking & Storage	L-14495	1500	02/01/08		3,469	0.75	SHED	Class C
Geocell System, Inc.	Pier 54 Shed H	L-14424	1540	07/01/07	11/06/08	2,985	0.75	SHED	Class C
Bode Gravel Co	Pier 90, Shed Space	L-14416	1900	09/01/07	08/31/09	1,200	0.75	SHED	Class C
B & A Body Works/Towing Inc	SWL 349 - shed	L-14330	3490	05/09/07	10/31/07	6,255	0.70	SHED	Class C
Crosslink, Inc.	Parcel D - Shed Space	L-14399	1500	01/01/08	06/30/20	19,574	0.60	SHED	Class C
				Avg Mo Rental Rate			**0.75**		

Port of San Francisco
Active Land Rental Transactions Effective May 1, 2007 to April 18, 2008

Company Name	Leasehold Name	Contract #	Facility	Eff Date	Exp Date	Sqft	Mo Min Rent	Rate/SF	Lshld Type
Northern Waterfront									
San Francisco Soccer	Pier 29, Paved Land	L-14401	1290	06/30/07	06/29/08	21,230.00	4,246.00	0.20	LAND
						Avg Mo Rental Rate		**0.20**	
Southern Waterfront									
Literacy For Environmental Justice	Heron's Head Park Living Classroon	13816	1980	12/07/07	12/06/17	2,292.00	458.40	0.20	LAND
Hathaway Dinwiddie Construction Company, Inc.	SWL 343, Paved Space	14486	3430	11/14/07	10/31/08	3,362.00	840.50	0.25	LAND
Hathaway Dinwiddie Construction Company, Inc.	SWL 343, Paved Space	L-14490	3430	11/15/07		29,598.00	7,399.50	0.25	LAND
Sims Group USA Corporation	Seawall Lot 349 Paved Access Roa	L-14387	3490	07/01/07	06/30/08	12,123.00	2,545.83	0.21	LAND
San Francisco Bay Railroad, Inc.	Parcel A - Office & Employee Parkin	L-14397	6020	01/01/08	12/31/18	1,200.00	240.00	0.20	LAND
						Avg Mo Rental Rate		**0.22**	

Port of San Francisco
Active Land Rental Transactions Effective May 1, 2007 to April 18, 2008

Company Name	Leasehold Name	Contract #	Facility	Eff Date	Exp Date	Sqft	Mo Min Rent	Rate/SF	Lshld Type
Northern Waterfront									
San Francisco Soccer	Pier 29, Paved Land	L-14401	1290	06/30/07	06/29/08	21,230.00	4,246.00	0.20	LAND
						Avg Mo Rental Rate		**0.20**	
Southern Waterfront									
Literacy For Environmental Justice	Heron's Head Park Living Classroon	13816	1980	12/07/07	12/06/17	2,292.00	458.40	0.20	LAND
Hathaway Dinwiddie Construction Company, Inc.	SWL 343, Paved Space	14486	3430	11/14/07	10/31/08	3,362.00	840.50	0.25	LAND
Hathaway Dinwiddie Construction Company, Inc.	SWL 343, Paved Space	L-14490	3430	11/15/07		29,598.00	7,399.50	0.25	LAND
Sims Group USA Corporation	Seawall Lot 349 Paved Access Roa	L-14387	3490	07/01/07	06/30/08	12,123.00	2,545.83	0.21	LAND
San Francisco Bay Railroad, Inc.	Parcel A - Office & Employee Parkin	L-14397	6020	01/01/08	12/31/18	1,200.00	240.00	0.20	LAND
						Avg Mo Rental Rate		**0.22**	

EXHIBIT D

2008-09 MININUM MONTHLY RENTAL RATE SCHEDULE[+]

TYPE OF USE & TYPE OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
OFFICE SPACE USES:			
FULL SERVICE GROSS LEASES:	CLASS B		
	Roundhouse Plaza	$2.45 - 2.95	$2.20 - 2.75
	CLASS C		
	Agriculture Building		
	Window Office	$2.40 - 2.60	$2.20 - 2.55
	Interior Office	$1.50 - 2.00	$0.98 - 1.48
	401 Terry Francois	$2.35 - 2.60	$2.00 - 2.75
	696 Amador	$1.75 - 1.80	$1.50 - 1.60
NET LEASES:	CLASS B		
	Pier 9 Bulkhead Bldg.	$2.75 - 3.00	$2.40 - 2.90
	Pier 9 Pier Offices	$2.75 - 3.00	$2.40 - 2.90
	Pier 26 Annex Bldg.	$2.50 - 2.90	$2.40 - 2.90
	Pier 33-35 Bulkhead Bldg.	$2.50 - 2.75	$2.25 - 2.50
	CLASS C		
	Piers 15-19 Bulkhead Bldgs.	$1.85 - 2.00	$1.85 - 1.75
	Pier 27 Admin. Bldg.	$1.35 - 1.60	$1.35 - 1.44
	Pier 29 Annex Bldg.	$1.35 - 1.60	$1.35 - 1.44
	490 Jefferson St.	$1.95 - 2.25	$1.95 - 2.25
	Piers 26 Bulkhead Bldg.	$2.50 - 2.75	$2.00 - 2.25
	Pier 28 Bulkhead Bldg.	$2.50 - 2.75	$1.25 - 1.75
	Piers 50 Bulkhead Bldg.	$2.00 - 2.30	$1.95 - 2.25
	Pier 54 Office	$1.50 1.75	$1.25 1.40
	Pier 70, Building 11	$1.10 - 1.25	$1.00 - 1.20
	501 Cesar Chavez	$1.80 - 1.80	$1.50 - 1.60
	601 Cesar Chavez	$1.00 - 1.25	$0.90 - 1.05
	Pier 96 Admin. Bldg.	$1.35 - 1.60	$01.25 - 1.50
	Pier 96 Gate House Bldg.	$1.25 - 1.50	$0.75 - 1.25
OFFICE STORAGE	All Facilities	$1.10 - 1.10	$1.10 - 1.10
INDUSTRIAL SHED USES:			
INDUSTRIAL GROSS LEASES:	NORTHEAST WATERFRONT		
	Pier 9	$1.25 - 1.25	$1.25 - 1.25
	Pier 17 – 45	$0.75 - 1.00	$0.70 - 0.75
	Pier 27/29/31	$0.75 - 0.80	$0.75 - 0.80

TYPE OF USE & TYPE OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
	SOUTH BEACH/CHINA BASIN		
	Pier 24 Annex	$0.45 0.45	$0.45 0.45
	Piers 26-28	$0.80 - 1.00	$0.80 - 1.00
	Piers 48	$0.85 - 1.10	$0.85 - 0.85
	Pier 50-54 1/2	$0.80 - 1.10	$0.80 - 1.10
	SOUTHERN WATERFRONT		
	SWLs 343 & 354	$0.75 - 0.85	$0.80 - 0.75
	Pier 80	$0.75 - 0.85	$0.80 - 0.75
	Pier 92 & SWLs 344 & 349	$0.75 - 0.85	$0.80 - 0.75
	Pier 96 M & R	$0.75 - 0.85	$0.80 - 0.75
OPEN LAND AND PIER SPACE USES:			
INDUSTRIAL GROSS LEASES: "PORT STANDARD NET LEASE"	UNPAVED LAND	$0.26 - 0.30	$0.26 - 0.30
	PAVED LAND	$0.28 - 0.32	$0.28 - 0.32
	IMPROVED LAND	$0.30 - 0.34	$0.30 - 0.34
FISHING INDUSTRY USES:			
INDUSTRIAL GROSS LEASES:	FISH WHOLESALING & PROCESSING SPACE		
	Improved Fish Processing Space		
	Pier 45 Sheds	$0.80 - 0.85	$0.75 - 0.80
	Second floor warehouse	$0.40 - 0.45	$0.35 - 0.40
	Pier 45 Office	$1.10 - 1.50	$1.05 - 1.25
	Sheds		
	Pier 33	$0.80 - 0.85	$0.75 - 0.75
	699 Illinois	$0.75 - 0.80	$0.70 - 0.70
	Aprons	$0.25 - 0.25	$0.25 - 0.25
LICENSES:	FISHING GEAR STORAGE	$0.22 - 0.22	$0.22 - 0.22

[+] The range in rental rates is provided as an example of the minimum rental rates for different space in the building (ie. higher rates for higher floors). It is not, and should not be construed as, a cap or maximum rental rate for such space.

* Minimum Net Effective Rents are rents that reflect the application of rent credits for new paint and carpet. The Minimum Net Effective Rates reflect the amortization of rent credits provided by Port over the term of the lease.

PORT OF SAN FRANCISCO

Port-managed Parking Facilities

- A SWL 303
- B SWL 302
- C Wharf J3
- D Pier 45 Shed C
- E Pier 9
- F SWL 324
- G Agriculture Building

Other Parking Facilities located in the Vicinity

1. Beach & Hyde Garage
2. Anchorage Shopping Ctr Garage
3. Fisherman's Wharf Parking
4. 401 Beach / Jones & Taylor
5. 350 Beach / Taylor & Mason
6. Longshoremen's Hall Parking Lot
7. Cost Plus Parking Garage
8. North Point Shoping Ctr Garage
9. Triangle Parking Lot
10. Franciscan Parking Lot
11. Pier 39 Garage
12. 2300 Stockton & Grant
13. Imperial Parking Lot 20
14. Bay / Embarcadero & Kearny
15. 80 Francisco Garage
16. 55 Francisco Garage
17. Pier 27 Apron & Piers 27/29 Valley
18. Pier 17 Marginal Wharf
19. Pier 15 Valley
20. SWL 321
21. Vallejo / Embarcadero
22. 50 Broadway / Embarcadero
23. Davis / Broadway & Valejo
24. Front / Broadway & Vallejo
25. 847 Front Street
26. 750 Front / Broadway & Pacific
27. 750 Battery / Broadway
28. 900 Sansome / Broadway
29. 955 Sansome / Broadway & Vallejo
30. 825 Sansome / Pacific & Broadway
31. 350 Pacific / Battery & Sansome
32. 768 Sansome / Pacific & Jackson
33. Golden Gateway Garage
34. Embarcadero Center Garage
35. Pier 3 Hornblower Yachts Parking Lot
36. SWL 351 Ferry Bldg Investors Parking Lot
37. Pier 1/2 Ferry Bldg Investors Parking Lot
38. 1 Market
39. 75 Howard / Stewart & Spear

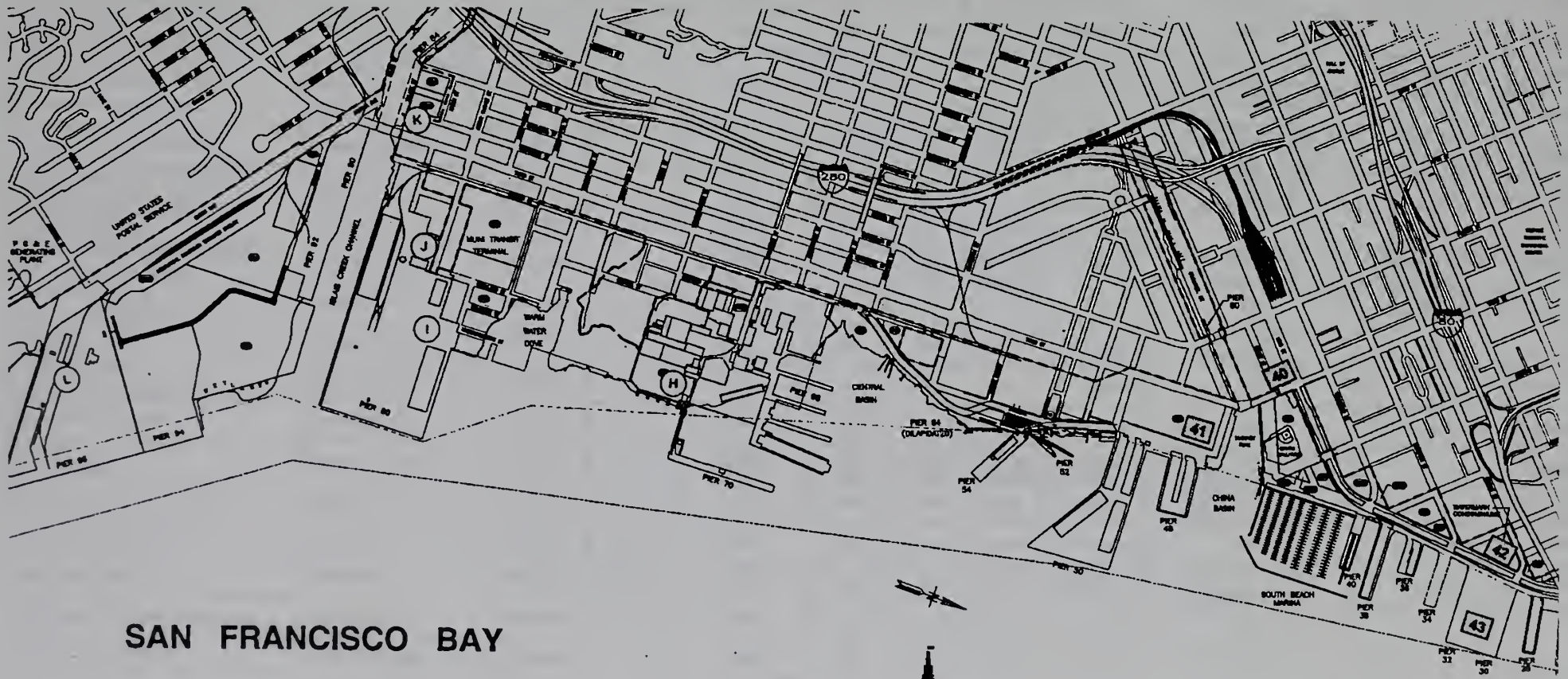
SAN FRANCISCO BAY
PORT OF SAN FRANCISCO
Port-managed Parking Facilities
H SWL 349
I Pier 80
J Pier 80 Admin Building
K Pier 84
L Pier 96
Other Parking Facilities located in the Vicinity
40 China Basin Landing Garage
41 Giants Parking Lot A
42 Imperial Parking Lot 28
43 Imperial Parking Lot 30

EXHIBIT F - PARKING RATES SURVEY
(As of May 1, 2008)

	Location	Operator	Phone #	Monthly Parking						Daily Parking	Hourly Parking	Covered / Uncovered
				Reserved	Non-reserved	Vacancy	In/Out Privilege	Days / Week	Hour			
1	Beach & Hyde Garage 655 Beach / Leavenworth & Hyde	Propark America	673-1735	--	--	--	--	--	--	$19 (Mon -Fri) $21 (Sat/Sun)	$1.75 /20 mins	Covered
2	Anchorage Shopping Center Garage 500 Beach / Jones & Leavenworth	Ace Parking	440-2407	$275	$150	Yes	Yes	7 days	24 hours	$32	$6 /hr	Covered
3	Fisherman's Wharf Parking 273 Jefferson / Beach & Jones	Wharf Properties, Inc.	885-4884	--	--	--	--	--	--	$12-14 (Mon -Fri) $20-24 (Sat/Sun)	$3 /30 mins	Uncovered
4	401 Beach / Jones & Taylor	Nunzio Corp		--	--	--	--	--	--	$10 (Mon - Thu) $15 (Fri - Sun)	--	Uncovered
5	350 Beach / Taylor & Mason	Imperial Parking	227-0114	--	$120	Yes	Yes	7 days	24 hours	$20 (in after 8 am) $8 (in before 8 am)	$4 /hr	Covered
6	Longshoremen's Hall Parking Lot North Point / Mason & Taylor	City Park	495-3909	--	--	--	--	--	--	$10 (Mon -Fri) $20 (Sat/Sun)	--	Uncovered
7	Cost Plus Parking Garage Taylor / North Point	City Park	441-6932	--	$165	No	Yes	7 days	7 am - 10 pm	$15	$2 /30 mins	Covered
8	North Point Shoping Center Garage 350 Bay / Powell & Mason	Imperial Parking	227-0114	--	$145 $170	No No	Yes Yes	Mon -Fri 7 days	24 hours	$20 (Mon -Fri) $30 (Sat/Sun)	$4 /hr Mon -Fri $5 /hr Sat/Sun	Covered / Uncovered
9	Triangle Parking Lot 2860 Taylor / Jefferson	City Park	558-9147	--	--	--	--	--	--	$28	$2 /30 mins	Uncovered
10	Franciscan Parking Lot Pier 43-1/2	Central Parking	317-4900	--	$190	Yes	Yes	7 days	24 hours	$15 (Mon -Fri) $20 (Sat/Sun)	--	Uncovered
11	Pier 39 Garage Embarcadero / Stockton	Ampco System	705-5500	--	$195	Yes	Yes	7 days	24 hours	$35	$7 /hr	Covered
12	2300 Stockton & Grant	Super Parking	771-6374	--	$300	No	Yes	7 days	8 am - 10 pm	$20	--	Uncovered
13	Imperial Parking Lot 20 2210 Stockton	Imperial Parking	227-0114	--	$160 $135	No No	Yes Yes	7 days Mon -Fri	24 hours 6 am - 11 pm	$13 (Mon -Fri), $15 (Sat/Sun) $9 (in before 9:30 am)	--	Covered
14	Bay / Embarcadero & Kearny	Central Parking	317-4900	--	$225	No	Yes	7 days	24 hours	$20 (in after 8 am) $15 (in before 8 am)	--	Uncovered
15	80 Francisco Garage	City Park	398-4162	$275	$225	Yes	Yes	7 days	24 hours	$15	$2 /20 mins	Covered
16	55 Francisco Garage	Ace Parking	398-0208	$275	$225	Yes	Yes	7 days	24 hours	$15 (in after 9 am) $12 (in before 9 am)	$2 /20 mins	Covered
17	Pier 27 Apron & Piers 27/29 Valley	Central Parking	317-4900	--	$230	Yes	Yes	7 days	24 hours	$13	--	Uncovered
18	Pier 17 Marginal Wharf	Central Parking	317-4900	--	$240	No	Yes	Mon -Fri	24 hours	$14	--	Uncovered
19	Pier 15 Valley	Central Parking	317-4900	--	$200	No	Yes	7 days	24 hours	$14	--	Uncovered
20	SWL 321 Green / Front	Central Parking	317-4900	--	$300	No	Yes	Mon -Fri	24 hours	$18	--	Uncovered
21	Vallejo / Embarcadero	Central Parking	317-4900	--	$300	Yes	Yes	Mon -Fri	24 hours	$16	--	Uncovered
22	50 Broadway / Embarcadero	Central Parking	317-4900	--	$260	Yes	Yes	Mon -Fri	24 hours	$16	--	Uncovered
23	Davis / Broadway & Valejo	West Coast Parking	408-592-3063	--	$250	Yes	No	7 days	24 hours	$13	--	Uncovered
24	Front / Broadway & Vallejo	Pacific Park Mgmt	722-9860	--	$280	Yes	Yes	7 days	24 hours	$15	--	Uncovered
25	847 Front Street Front / Broadway & Vallejo	California Parking	468-4860	--	$299.50 $269.75	Yes Yes	Yes No	Mon -Fri	6:30 am - 8 pm	$16	$2.50 /30 mins	Covered

EXHIBIT F - PARKING RATES SURVEY
(As of May 1, 2008)

	Location	Operator	Phone #	Monthly Parking						Daily Parking	Hourly Parking	Covered / Uncovered
				Reserved	Non-reserved	Vacancy	In/Out Privilege	Days / Week	Hour			
26	750 Front / Broadway & Pacific	City Park	399-9783	--	$325.00	No	Yes	Mon -Fri	6 am - 8 pm	$18	$2.50 /20 mins	Covered
27	750 Battery / Broadway	Ampco System	956-8148	--	$320.00	No	Yes	Mon -Fri	7 am - 7 pm	$18 (in after 9:30 am) $15 (in before 9:30 am)	$2.50 /20 mins	Covered
28	900 Sansome / Broadway	Liberty Parking Mgmt	650-342-3010	--	$350.00	Yes	Yes	7 days	24 hours	$18 (in before 11 am) - 9 pm	$2.50 /20 mins	Covered
					$280.00	Yes	Yes	Mon -Fri	6 am - 9 pm	$14 (in before 11 am) - 7 pm		
29	955 Sansome / Broadway & Vallejo	US Parking	546-1492	--	$320	Yes	Yes	7 days	24 hours	$18 (in after 9 am) $15 (in before 9 am)	$7.50 (1 hr) $18 (2 hrs)	Uncovered
30	825 Sansome / Pacific & Broadway	Central Parking	317-4900	--	$340	Yes	Yes	Mon -Fri	6:30 am - 8 pm	$22 (in after 10 am) $18 (in before 10 am)	$2.50 /15 mins	Covered
31	350 Pacific / Battery & Sansome	Central Parking	317-4900	--	$295	Yes	Yes	7 days	7 am - 6 pm	$20	$2.50 /20 mins	Uncovered
32	768 Sansome / Pacific & Jackson	California Parking	468-4860	$395	--	Yes	Yes	7 days	24 hours	$24	$2.50 /20 mins	Uncovered
				--	$345	Yes	No					
33	Golden Gateway Garage 250 Clay / Battery & Front	Five Star Parking	433-4722	$500	$390	No	Yes	Mon -Fri	4 am - 12 am	$36 (in after 10 am)	$6 /hr	Covered
								Sat/Sun	various	$18 (in before10 am) - 10 pm		
34	Embarcadero Center Garage Building 1, 2, 3 & 4	Ampco System	772-0670	$650 tenants only	$410 tenants $435 non-tenants	Yes	Yes	7 days	24 hours	$30	$3 /15 mins	Covered
35	Pier 3 Hornblower Yachts Parking Lot	Hornblower Yachts	788-8866	--	$325	No	Yes	Mon -Fri	6 am - 6 pm	$20	$5 /hr	Uncovered
36	Ferry Bldg Investors Parking Lot SWL 351 / Embarcadero & Washington	Ace Parking		--	--	--	--	--	--	$50	$6.50 /hr	Uncovered
37	Ferry Bldg Investors Parking Lot Pier 1/2	Ace Parking		--	--	--	--	--	--	$50	$6.50 /hr	Uncovered
38	1 Market	Ace Parking	777-2292	$600	$475	No	Yes	7 days	24 hours	$39	$3 /15 mins	Covered
39	75 Howard / Steuart & Spear	Ace Parking	543-2214	$435	$365	Yes	Yes	7 days	24 hours	$29 (in after 8:30 am) $18.50 (in before 8:30 am)	$12 /hr	Covered
40	China Basin Landing Garage 3rd Street / Berry	Ace Parking	625-0755	--	$275	Yes	Yes	7 days	24 hours	$19	$3 /20 mins	Covered
41	Giants Parking Lot A 3rd Street / Terry A. Francois	Imperial Parking	227-0114	--	$200	Yes	Yes	7 days	24 hours	$13 (6 am -12 am)	$2 (1 hr), $3 (2 hrs), $4 (3 hrs)	Uncovered
					$135	Yes	Yes	Mon -Fri	6 am - 6 pm	$9 (6 am - 6 pm)		
42	Imperial Parking Lot 26 Embarcadero / Bryant	Imperial Parking	227-0114	--	$175	No	Yes	7 days	24 hours	$12 (in after 9:30 am) $11 (in before 9:30 am)	$5 /hr	Uncovered
43	Imperial Parking Lot 30 Pier 30	Imperial Parking	227-0114	--	$150	Yes	Yes	7 days	24 hours	$12 (in after 9:30 am)	$5 /hr	Uncovered
					$140	Yes	Yes	7 days	5 am - 11 pm	$10 (in before 9:30 am)		

EXHIBIT G

2008-09 FY Special Events and Filming Fee Schedule

	Rate
Still Photo Shoot	
Outdoor:	
Simple per day	$1,000.00
Major per day	$2,000.00
Indoor:	
Piers simple per day	$1,000.00
Piers major per day	$2,000.00
Pier 1 per day (Port offices - after hrs.)	$2,000.00
Pier 1 – Bayside 1-4	$2,000.00
Filming	
Simple per day	$1,000.00
Major per day	$2,000.00
Special Events	
Athletic events (walk/run/bicycle) per day	$1,000.00
Private event per day	$2,000.00
Public event per day	$2,000.00
Pier 30/32 – Entire Pier	
Private event:	
Event day	$12,500.00
Set-up per day	$2,500.00
Paid attendees:	
Event day	$15,000.00
Set-up per day	$2,500.00
Free admittance:	
Event day	$10,000.00
Set-up per day	$2,500.00

Partial Pier - Fee to be based on a pro-rata share of fee for entire pier.

Pier 48 – Shed A & C

Private:	
Per event day	$15,000.00
Set-up per day	$ 2,500.00
Paid attendees:	
Per event day	$20,000.00
Set-up per day	$ 2,500.00
Free admittance:	
Per event day	$12,500.00
Set-up per day	$2,500.00

Partial Pier - Fee to be based on a pro-rata share of fee for entire pier.

A $10,000.00 premium will be added to the rate above for New Year's Eve events.

Notes:

Minor film and photo shoots are those that require very few to no support functions, i.e.; the photographer and the subject, minimal equipment, etc.

Major film and photo shoots are those that require substantial support, i.e.; film crew, props, vehicles, generators, lighting, etc.

At no time shall the fee charged for filming or a special event at a specific facility be less than the rental rate as specified under the Rental Rate Schedule for that premises.

PORT OF SAN FRANCISCO

MEMORANDUM

June 4, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of a Memorandum of Understanding No. M-14573 with the Real Estate Division of the General Services Agency for real estate leasing services for a two-year term.

DIRECTOR'S RECOMMENDATION: APPROVE ATTACHED RESOLUTION

I. Executive Summary

As of May 31, 2008 the Port has 588 leases of which staff has identified 164 on holdover status where the original term of the lease has expired ("Holdover Leases"). The Port, in conjunction with the Real Estate Division of the General Services Agency ("RED"), has developed a plan to re-lease and/or competitively bid the Holdover Leases, an effort requiring temporary staff support from RED and other Port divisions. The proposed MOU provides for Port reimbursement of RED's $506,313.60 direct and indirect staff costs with an additional incentive payment mechanism in lieu of RED's employee overhead costs. New Port revenue from this effort is anticipated at approximately $2 million for all 164 Holdover Leases.

II. Background

As of May 31, 2008 the Port has 588 leases. Excluding leases currently under negotiation and leases at development sites, staff has identified 164 of the Port's leases on holdover status where the original term of the lease has expired and the lease has automatically converted to month-to-month status ("Holdover Leases"). It is anticipated that the number of Holdover Leases will increase as existing term leases reach their natural termination date and automatically convert to month-to-month status.

THIS PRINT COVERS CALENDAR ITEM NO. 9A

The current backlog of 164 Holdover Leases represents a significant opportunity to capitalize on the rising commercial real estate market. Coupled with the Port's low vacancy rate and a high level of demand for Port property, the Port/RED team is ideally positioned to negotiate favorable lease terms. Through the execution of market rate, multi-year leases, the Holdover Lease project will greatly enhance the Port's revenue stream and positively influence its bonding capacity in turn improving the Port's ability to fund long term capital needs.

The Port, in conjunction with RED, has implemented the following plan to re-lease to the existing tenants and/or competitively bid the 164 Holdover Lease opportunities. Due to the current high workload in the Port's Real Estate Division and the large number of Holdover Leases, the plan requires temporary staff support from RED and other Port divisions. The plan commenced on January 2, 2008.

III. Holdover Leasing Staffing Plan and Budget

A. Staffing

Management Team:	Deputy Director of Real Estate
	Deputy Director of Finance and Administration
	Special Projects Manager
	Assistant Deputy Director of Planning and Development
Project Coordinator:	Port Development Coordinator
Staffing:	RED Principal Real Property Officer
	RED Real Property Officer
	Port Feasibility Analyst
	Port Real Estate Administrative Staff
	Port Engineering
	Port Maintenance
	Port Regulatory Specialist

The Management Team meets with the Project Coordinator regularly to monitor project schedule and troubleshoot problems. The Project Coordinator tracks the progress of the overall project and consults with Port and RED leasing staff to monitor progress with Requests for Proposals ("RFP") and major lease negotiations. The RED Principal Real Property Officer may execute RFPs and conduct lease and MOU negotiations as needed. The RED Real Property Officer and Port Feasibility Analyst conduct lease negotiations.

The Port Regulatory Specialist conducts site inspections as needed, that are focused particularly on industrial tenancies and warehouse space. Port Real Estate, Engineering and Maintenance staffs provide project support in the areas of credit analysis, insurance review/filing, facility mapping and facility repairs that are the Port's responsibility.

The Port/RED team adheres to the Port's standard lease processing procedures for its Holdover Lease project efforts. The team meets weekly to review progress to date and discuss specific negotiation efforts to ensure consistency and to maintain a focused effort towards project completion.

B. Budget

The table below shows direct and indirect costs for the RED Principal Real Property Officer for a 24-month period from January 2, 2008 through December 31, 2009 and for the RED Real Property Officer for a 26-week period from January 2 through June 30, 2008.

Staff	Base Hourly Rate	Aggregate Payroll Expense
Principal Real Property Officer	$103.60	$430,976.00
Real Property Officer	$72.44	$75,337.60
Total		**$506,313.60**

The proposed MOU will provide for Port reimbursement of RED staff costs as described in the MOU (see summary above) plus any contractual increases pursuant to employee labor agreements, with an incentive payment mechanism in lieu of RED employee overhead costs. The incentive payment mechanism will be structured as 10% of the incremental rental amounts the Port is able to charge tenants pursuant to leases completed by RED employees for each of the first two years of the new lease terms (a completed lease means a fully executed and effective lease). For example, if at the end of RED's efforts on the Holdover Project, the Port earns $2 million in additional revenues from all of the leases for which RED staff issued RFPs and/or negotiated a lease to completion, RED will receive 10% or $200,000 annually for two years for a total of $400,000.

The additional assistance provided by RED staff on the Holdover Leases will enable existing Port staff to continue marketing vacant Port property and negotiating new leases. For example, Port Real Estate's 2-person leasing staff has been executing approximately 6 leases per month bringing many new tenants to the Port resulting in vacancy rates below those of nearby comparable properties. The temporary assistance of RED staff as envisioned in this MOU allows Port staff to continue our own successful marketing and leasing effort while facilitating the timely and focused renewal of the Holdover Leases, taking advantage of the current favorable real estate market. In addition to the immediate revenue opportunity, RED staff's concentrated effort to renew the Holdover Leases will serve to replace often inferior liability provisions of older leases with the Port's revised form of lease having new and enhanced protections for hazardous material indemnification, environmental remediation, and property maintenance

obligations among others. Also, the new form of lease contains recently adopted City ordinances including Health Care Accountability, Green Building and First Source Hiring.

C. Schedule

January – March 2008:	Train RED staff including property tours, exposure to Port leasing procedures and initial assignment of Holdover Leases.
April – June 2008:	Complete assignment of initial 164 Holdover Leases to RED staff, negotiate lease renewals and begin formal execution of leases according to established Port leasing procedures. Analyze potential RFP opportunities.
July 2008 – June 2009:	Continue lease renewal negotiations and execution of leases. As existing term leases terminate and automatically convert the month-to-month status, incorporate them into the Holdover Lease project and assign to RED staff.
June – December 2009:	Assess requirement for continued RED staff assistance versus resumption of all Port leasing by Port staff.

IV. Holdover Leasing Processing Procedures

A. Port Leasing Policy

The Board of Supervisors' policy is to competitively solicit leasing opportunities, except where impractical or infeasible. The Port's Retail Leasing Policy also requires competitive bidding, except in cases where a tenant is in good standing, the tenant represents the best market opportunity for the Port and the tenant is making a significant capital investment in Port property. Due to the high volume of leases for relatively small leased areas for nominal rents, the Port generally does not competitively bid office, warehouse space, or open land leasing opportunities, but instead relies on standardized lease documents and procedures and a parameter rental rate structure based on an analysis of comparable rent charged in the private market. To competitively bid such leases would be impractical. However, where a business model is highly competitive and represents a major revenue opportunity for the Port (e.g., retail, parking, concrete batching, construction materials recycling), the Port issues a Request for Proposals.

B. Review Holdover Leases

Port and RED staff have reviewed the Holdover Lease list to obtain facts about the current tenancies and develop lease execution/negotiation strategies for individual tenants.

C. Brief Policymakers

Port staff has briefed staff in the Mayor's Office of Economic and Workforce Development, certain members of the Board of Supervisors and the Small Business Commission regarding the Holdover Project.

D. Requests for Proposals

Subject to separate action of the Port Commission, the Port/DRE team will commence advertising RFPs for appropriate Holdover Lease sites.

E. Lease Renewal Negotiations with Existing Tenants

The Port/RED team has prioritized the Holdover Leases for direct renewal negotiations where those uses are considered impractical to bid (e.g., office or warehouse) by net revenue potential and location. In advance of formal lease proposals, the Port/RED team has been meeting with the Holdover Lease tenants to explain the need for renewing leases, request leasing applications and set dates for facility inspections (including regulatory compliance inspections, if needed). Additionally, staff has been initiating facility mapping through Port Engineering and initiating review by the Port Real Estate Division's "pipeline" lease review process.

F. Existing Tenants Who Do Not Express Interest or Active Disinterest

For tenants who express active disinterest, the Port/RED team will provide options. The Port can provide a reasonable period of time – up to 6 months – for the tenant to find a new location. Rent during this period will be increased to the bottom of the Port's parameter rental rate structure (or 35% above current rent, whichever is lower). The Port can also provide up to a year on holdover status with a reset to average market rents.

G. Leasing Steps

The following standard procedures are currently utilized by Port Real Estate staff for day-to-day leasing activity and will likewise be utilized by the Port/RED team for the Holdover Lease project:

1. Prior to renegotiating a lease, obtain and review lease applications.
2. Perform a credit check and related financial due diligence.
3. Review facility condition and capital plan needs.
4. Negotiate new lease terms based on parameter rental rate structure.
5. Submit proposed lease to Port interdivisional (pipeline) lease review; evaluate need for and review permit applications; perform required disclosures.
6. Document the new lease, including facility maps.
7. Obtain Legal Department review and sign-off

8. Review insurance documentation.
9. Prepare Port Commission staff report for any lease with non-standard lease terms.
10. Prepare Board of Supervisors submittals as needed.
11. Execute lease, prepare Real Estate file and input to Propworks.
12. Perform random post-lease execution audits to ensure a consistently professional work product.

V. Economic Return

The total economic gain for the Port from this project is hard to project absent further economic analysis. Based on the average market rent increases projected by Port staff, annualized gross revenues (excluding leasing costs and rent credits) could approach $2 million for all Holdover Leases. Negotiations conducted to date by the Port/RED team support incremental revenue projections of $164,000 per month/$1.97 million per year for the entire list of holdover leases. As the majority of Holdover Leases are expected to renew for 5-year terms, this additional revenue constitutes a reliable enhanced revenue stream.

VI. Recommendation

Port staff recommends that the Port Commission approve Memorandum of Understanding No. M-14573 between the Port of San Francisco and the Real Estate Division of the General Services Agency for real estate leasing services for a two-year term as described above.

Prepared by: Phil Williamson, Project Manager

PORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-40

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and

WHEREAS, under Charter Section 3.581(g), leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, As of May 31, 2008 the Port has 588 leases of which staff has identified 164 on holdover status where the original term of the lease has expired and the lease has converted to month-to-month status ("Holdover Leases"); and

WHEREAS, The Port has developed a plan to re-lease to the existing tenants and/or competitively bid the Holdover Lease opportunities; and

WHEREAS, Due to the current workload in the Port's Real Estate Division and the large volume of Holdover Leases, the Port's plan requires temporary staffing support from the Real Estate Division of the General Services Agency ("RED"); and

WHEREAS, The temporary assistance of RED staff will allow Port staff to continue their successful marketing and leasing effort for currently vacant Port property; will facilitate the timely and focused renewal of the Holdover Leases; will take advantage of the current favorable real estate market; and will replace inferior liability provisions of older leases with the Port's revised form of lease having significant new provisions for hazardous material indemnification, environmental remediation and property maintenance obligations; and

WHEREAS, The Port and RED wish to enter into a twenty-four month Memorandum of Understanding ("MOU"), effective January 2, 2008, to set forth their obligations with respect to RED's services to the Port and compensation therefrom; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby approves Memorandum of Understanding No. M-14573 with RED and authorizes the Executive Director of the Port, or her designee, to execute the same on behalf of the Port in such form as is reviewed by the City Attorney.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of June 10, 2008.

_____

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

June 4, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Information Update on Closure of 2008 Salmon Fishing Season

DIRECTOR'S RECOMMENDATION: NO ACTION REQUIRED

Background

Port staff made an informational presentation to the Port Commission on April 22, 2008 (Item No. 8A), concerning the closure of the Chinook ("king") salmon season off California and the West Coast this year. The salmon season normally runs from April until the fall, and this fishery has never been closed before, going back 160 years to the time of the Gold Rush. This shutdown is a devastating blow for commercial and sport fishermen, who stand to lose 70 to 80 percent of their annual incomes, as well as fish processors and many other supporting businesses.

Federal Disaster Assistance

On May 15, 2008, the U.S. Congress passed a $300 billion federal farm bill, which includes $170 million in disaster assistance for commercial fishermen and businesses affected by the salmon closure. This measure was vetoed by President George W. Bush on May 21, 2008, but the veto was overridden by a two-thirds majority, with a 316-108 vote in the U.S. House of Representatives. The legislation does not determine the amount of funding to be allotted to the affected states (California, Oregon, Washington, and Idaho). This will be established by the Pacific State Marine Fisheries Commission. As the largest state suffering the greatest impact, California is expected to receive the majority of the emergency funding.

The California Salmon Council has convened as an advisory board to Governor Arnold Schwarzenegger to set the rules for the disbursement of the disaster-relief funds to the various sectors of the salmon fishing industry throughout the state, including the permit holders

This Item Covers Calendar Item No. 10A

(commercial boat owners), sport boat operators, fish processors, gear suppliers, fuel docks, ice-production stations, etc. The next council meeting is June 17, 2008. Actual disbursements to the affected businesses are expected by September 2008.

Strategy Discussion with Fishing Association Officials

The Port considered adopting a "Berthing Assistance Program" to defer or subsidize port berthing fees for salmon fishermen during the crisis, with the intention of seeking reimbursement for the loss of revenue through the federal grant program. There are 110 fishing boats with permanent berths at Fisherman's Wharf or Hyde Street Harbor, and 52 of these boats are in the salmon fishing fleet. The total annual berthing revenue is approximately $150,000, half of which comes from the salmon boats. The Port's plan was to offer a 50 percent berthing fee waiver to homeported (permanent berth) salmon boats that could demonstrate their active status in the fishery prior to the closure. On the basis of offering the assistance for the 2008 and 2009 seasons (two years), the Port would have sought a $75,000 federal grant to offset the deferred fees.

Port staff met in San Francisco to discuss this idea with officials from the Pacific Coast Federation of Fishermen's Associations, and also spoke with the California Salmon Council in Sacramento. These organizations appreciated the Port's willingness to provide aid, but pointed out that the fishermen entitled to disaster relief funds would be paid on the basis of their normal expenses. A reduction in berthing fees at the Port of San Francisco, but not at other fishing harbors, plus the Port's expectation of federal reimbursement from the same disaster fund, could create an inequitable situation, even possibly putting Port of San Francisco fishermen at a disadvantage. It was therefore recommended that the Port not proceed with the "Berthing Assistance Program."

Funding Opportunity for Port

The Port itself is feeling the effects of the salmon shutdown. In 2005, the last decent salmon season, there were 35-40 transient boats berthed at Fisherman's Wharf and Hyde Street Harbor throughout the four-month season. Dockage income for those boats at today's rates would be approximately $8,000 per month, or $32,000 for the season. This loss of revenue may be recoverable through the federal disaster assistance program. Port staff will investigate and pursue this opportunity.

Fishing Boats as Response Resource

In November 2007 two dozen fishing boats responded to the call for assistance in cleaning up the Cosco Busan oil spill, on an ad hoc basis. California Assembly Bill 2547, introduced in February 2008 by Assembly Member Mark Leno, outlines procedures whereby a business or organization, such as the Crab Boat Owners Association, for example, could apply to the State Administrator for Oil Spill Response to be rated for their oil spill response capabilities. Once certified as an Oil Spill Response Organization (OSRO), that entity would be incorporated into the area response plan and could be relied upon as a resource. In our discussions with the fishing associations, the Port offered to support such an effort by the fishing fleet in various ways, such as by providing meeting rooms, berthing space, and equipment storage.

Next Steps

Port staff is committed to working closely with the Pacific Coast Federation of Fishermen's Associations and the California Salmon Council to help notify Port businesses affected by the salmon season closure about how to apply for emergency relief, once the rules are established. The Port will seek to obtain federal relief to offset our own revenue shortfall due to the lack of transient salmon boats this season. We will also support fishing fleet organizations in their efforts to become certified as Oil Spill Response Organizations.

Prepared by: Michael Nerney, Maritime Marketing Manager

For: Peter Dailey, Maritime Director

PORT OF SAN FRANCISCO

MEMORANDUM

June 5, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Request for Authorization to Enter Into Non-Exclusive Management Agreement between the Port and Metro Ports, a holding of Nautilus International Holding Corp., a California Corporation, for management of the Pier 80 Cargo Terminal for a five year term.

DIRECTOR'S RECOMMENDATION: APPROVE ATTACHED RESOLUTION

Background

On April 1, 2008, the Port's cargo terminal operator at Pier 80, Ports America/Marine Terminals Corporation, exercised termination rights under clause 10.2 of their five-year Non-Exclusive Management Agreement with the Port. The effective date of the termination is June 30, 2008. The Port is in negotiation with Metro Ports to assume management operations at the Pier 80 cargo terminal effective July 1, 2008.

Ports America/Marine Terminals Corporation was recently acquired by the insurance company AIG. Ports America cited reduced cargo volumes and the resulting financial losses as their reasons for pulling out of their Agreement with the Port. They estimate that a monthly volume of 15,000 tons would be necessary to keep the terminal open; monthly volumes have averaged less than 10,000 tons so far this year, the lowest in 5 years.

The proposed Management Agreement, which is still being negotiated with Metro Ports, contains generally the same terms and conditions as the current Ports America Agreement, with certain changes outlined below. The Port and Metro Ports are in general agreement on these terms. Port staff seeks the Port Commission's approval of these terms and conditions, and authorization to enter into a Non-Exclusive Management Agreement on such terms and conditions for the management of the Pier 80 cargo terminal prior to June 30, 2008.

This Print Covers Calendar Item No. 10B

Metro Ports is the new name of Metropolitan Stevedoring, a wholly-owned subsidiary of Nautilus International Holding Corporation of Wilmington, California. Metro Ports' sister companies, Metro Cruise and Pacific Warehousing, currently handle the operations of the Port's Pier 35 cruise ship terminal and Pier 94 Hanson Aggregates marine discharge facility, respectively. Both entities are in good standing with the Port.

The proposed agreement terms for Pier 80 include the following:

1. Premises: Approximately 2,607,502 square feet, including the four container cranes, Sheds A and D, portions of the yard and vessel berths A, B, and C.

2. Term: The proposed agreement shall have a term of five years from its July 1, 2008 commencement date. Either party may terminate the Agreement after two years from the commencement date without penalty for any reason upon one-hundred-eighty days prior written notice (changed from the current ninety days). In addition, either party will be allowed to terminate the Agreement with 90 days notice if any of the current two cargo carriers discontinues regular calls at Pier 80.

3. Financial Terms:

   Revenue Sharing Payments to Metro Ports as follows:

   (a) In consideration for Metro Ports' performance, the Port will pay Metro Ports $50,000 each month until such time the cargo tonnage increases to a level of 180,000 metric tons on an annualized basis, then the payment will be reduced down to the current level of $35,000.

   (b) In addition to the Monthly Payment, Metro Ports will share in Port Gross Revenues as follows:

   50% of Port Gross Revenues from the first $800,000 generated in each Contract Year.
   40% of Port Gross Revenues from $800,000 to $1,200,000 generated in each Contract Year.
   20% of Port Gross Revenues in excess of $1,200,000 generated in each Contract Year.

   (c) Metro Ports shall receive one-hundred percent of layberth revenues for the first six months of the Agreement; and thereafter such revenues will be shared equally between the Port and Metro Ports.

4. Maintenance: During the term of the Management Agreement, Metro Ports shall be responsible to keep the Facility in a neat, clean, safe and orderly condition, excepting structural elements, container cranes, railroad and crane trackage, yard lighting, sprinkler system, roll-up doors, and dredging, which shall be the Port's responsibility.

5. Additional Services: Metro Ports shall maintain sufficient personnel, equipment, and contracted services in order to provide a level of customer service equal to or exceeding other West Coast break bulk terminals, and shall specifically undertake full responsibility for the following items:

- Receipt, handling, loading, discharging, storage, transporting and delivery of cargo in connection with vessels landing at the Facility.
- Office and gear space used in connection with its management of the Facility.
- Supply of sufficient security guard staffing for compliance with the appropriate Facility Security Plan (FSP) required by the Marine Transportation Security Act of 2002 (MTSA) guidelines, including any amendments or changes to the FSP during the term of this agreement.

6. Termination Rights:

   After the first two years of the Management Agreement, either party may terminate the Management Agreement upon 180 days prior written notice without penalty.

7. Environmental Security:

   In addition to the terms and conditions described above, the Port staff will adhere to the Port's policy concerning Environmental Risk Management adopted by the Port Commission on November 6, 2007 (Resolution No. 07-81) by incorporating such policy into the final Agreement with Metro Ports and the Southern Waterfront Beautification Policy which was adopted by the Port Commission at its November 13, 2007 meeting (Resolution No. 07-77).

Recommendation:

Port staff requests that the Port Commission approve the proposed Non-Exclusive Management Agreement with Metro Ports for management of the Pier 80 cargo terminal upon those terms and conditions described above, and upon such terms which do not materially alter the rights or obligations of the parties, or compensation due.

Prepared by: Jim Maloney
Maritime Marketing Manager

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 08-41

WHEREAS, Section B3.581 of the City Charter empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control waterfront properties of the City and County of San Francisco; and

WHEREAS, The Port holds in trust and subject to its lawful disposition certain maritime facilities located at the Cargo Terminal at Pier 80 (hereinafter "Pier 80 Cargo Facility") situated in the City and County of San Francisco; and

WHEREAS, The Port Commission previously approved a Non-Exclusive Management Agreement with Marine Terminals Corporation (now known as Ports America/Marine Terminal Corporation) for terminal operation services at the Pier 80 Cargo Facility, on substantially similar terms and conditions as described in the staff memorandum; and

WHEREAS, On April 1, 2008, Marine Terminals Corporation exercised rights to terminate its Non-Exclusive Management Agreement, with an effective termination date of June 30, 2008; and

WHEREAS, A new cargo terminal manager, Metro Ports, a wholly-owned subsidiary of Nautilus International Holding Corporation, desires to provide terminal management services at the Pier 80 cargo facility; and

WHEREAS, The Port and Metro Ports have negotiated the terms of a new Non-Exclusive Management Agreement, as described and referenced in the staff memorandum accompanying this resolution; now, therefore be it

RESOLVED, The San Francisco Port Commission hereby authorizes and directs the Executive Director to execute the proposed Nonexclusive Management Agreement upon such terms and conditions described in the accompanying staff memorandum for Agenda Item No. 10B, and in such form as shall be approved by the City Attorney's office; and be it further

RESOLVED, That the San Francisco Port Commission hereby authorizes the Executive Director to approve and execute all additions, amendments or modifications to such Non-Exclusive Management Agreement, which do not materially alter the rights or obligations of the parties or compensation due, as determined by the Executive Director in consultation with the City Attorney's office.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of June 10, 2008.

_____
Secretary

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

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MINUTES OF THE MEETING
JUNE 10, 2008

1. CALL TO ORDER / ROLL CALL

Commission President Kimberly Brandon called the meeting to order at 2:03 p.m. The following Commissioners were present: Kimberly Brandon, Rodney Fong, Michael Hardeman, Ann Lazarus and Stephanie Shakofsky.

2. APPROVAL OF MINUTES - May 27, 2008

ACTION: Commissioner Lazarus moved approval of the minutes; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor. The minutes of the May 27, 2008 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

Nan Roth, representing the Telegraph Hill Dwellers, indicated that they've discussed with their attorneys Item 2B on Executive Session. They question the legality and integrity of the executive session negotiations with the Planning Director involving such a high factor of speculation. Not only in regard to the content of the RFP and the outcome of the RFP process but also to the poorly substantiated assumptions regarding market support and financial feasibility. All you have to do is look at the lack of commercial tenants at Pier 1½, 3 and 5 to witness the risk factor surrounding the type of development the Port is focusing on for SWL 351. It was not long ago that Mr. Snellgrove, in marketing his concept for Piers 1½ to 5, told her that he has commitments from several prominent local restaurants which he mentioned by name to occupy the restaurant space in his development. Where are they now? Were they scared off by an over supply or the reality of the lease term? What role did the Port play in lease issues and how does this relate to the agenda item? She hopes that the members of the Port Commission who are ultimately responsible for the integrity of the Port's RFPs would take a long critical look at the data being provided on which to base assumptions regarding development options and income projections. Does anyone step outside of Pier 1 and take a look at the surrounding neighborhood and population? Has anyone has the courage to question the maps provided by Rec & Park that show fewer than 9 persons per acre over the age of 65 living in the Golden Gateway Apartments or Commons? If the Port's Planning staff are conscientious in their work, they should immediately view these maps with suspicion. These maps are based on census tracks, not census blocks. Statistics in this area along the waterfront and extending in the financial district, the census tracks are composed of approximately 20 blocks, which in an area with a high percentage of non-residential development, Broadway to Market and Battery to the Embarcadero, is going to delete the data to the point where the methodology misrepresents the population being analyzed. Suitable data is readily available by census blocks. She sees this problem regularly in data analysis and EIRs. When they do wind studies, they average

out the data over a 24-hour period at the least and often over 365 days a year. This is a common device to minimize what might otherwise be problematic. Technically, it is accurate. Morally it is misguided. The burden is on the public and those who act on behalf of the public's interest, such as the Port Commission, to test the integrity of the database used for critical financial decisions. We become overly focused on financial benefits. It is too easy to overlook corrupted statistics. She urged the Commission to consider the appropriateness of Item 2B.

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

At 2:05 p.m., the Port Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER (DISCUSSION ITEM).

a. Discuss existing litigation matter pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code sections 67.10(d) and 67.12:

- Henrietta Currier v. Port of San Francisco, City and County of San Francisco, et al. (San Francisco Superior Court Case No. CGC-07-467623)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: SWL 352 at Amador Street
Person Negotiating: Port: Brad Benson, Special Projects Manager
*Raisch Products, Inc.: Doug Raisch
*SF Recycling & Disposal: Maurice Quillen

b. Property: AB 0201, Lot 013 also known as Seawall Lot 351 (Washington Street at the Embarcadero)
Person Negotiating: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: undetermined

5. RECONVENE IN OPEN SESSION

At 3:27 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Fong made a motion to adjourn executive session and reconvene in open session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Fong made a motion to not disclose any information discussed in executive session except that the Port Commission provided direction to staff on the price and terms of payment for SWL 351 for inclusion in the RFP and an action item will be calendared for the July 8, 2008 meeting; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

The Commission Secretary announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

A. Executive Director's Report: Executive Director Monique Moyer reported the following:

- Kenny Chesney Concert at AT&T Park on Saturday, June 7, 2008. Normally she would not report on this because it's an event of the Giants Enterprises. They sold over 30,000 tickets to the concert which would mean that it was quite successful but it resulted in over 30 noise complaints to the Entertainment Commission. Despite the fact that Entertainment Commission staff were on site for the entire concert, at the very end of the concert, the noise went above the allowable limit. The staffs of the Entertainment Commission, the Port and the Giants Enterprises are meeting this afternoon to address those issues and to work on the noise complaints. The last noise complaint that AT&T received was three years ago when the Rolling Stones and Metallica performed together. There have been concerts in the interim which have not received complaints. We'd like to think that this is an unusual event but we are still looking into it and working with the Giants to resolve the issues.

- KKSF Sunday Brunch Program at Fisherman's Wharf: As mentioned at the last meeting, the Port is pleased to participate in KKSF promotion at the Fisherman's Wharf. Alioto's No. 8 participated as the first location for the month of June. The first promotion was held on Sunday, June 8, 2008. Commissioner Fong was our first interviewee. He did a great job and we're appreciative of his efforts. As part of our participation in this promotion, the Port gets a minute interview every

Sunday as well as every 30 minutes, the Port/CBD are mentioned as sponsors. All in all, it was a great experience for the Port and we look forward to the events ahead.

Commissioner Fong added that Fisherman's Wharf is going to get exposure every Sunday through the next 8 months. He commented that the seafood sausages were fantastic at Alioto's.

Ms. Moyer added that the event brought in people that otherwise might not have stopped in. It was a great success in that respect.

- The Pier 52 Boat Launch Grand Opening is scheduled on Saturday, June 14, 2008 at 11 a.m. There will be a ceremony which includes Mayor Gavin Newsom, City Supervisors, Port Commissioners, boaters, Neighborhood Parks Council and the public.

- The Juneteenth Celebration will be held on Thursday, June 26, 2008 at the Intercontinental Hotel located on Howard at 5th Street. The emcee is Janice Edwards from NBC 11. The program starts at 11:30 a.m.

- Fourth of July Celebration on the waterfront: As in past years, Martha Cohen, Mayor's Office Director of Special Events, is working with PyroSpectaculars to produce the fireworks show. The show will be shot from two firing points: barges moored in the Bay just north of Pier 39 and the foot of Muni Pier. The National Park Service has put a weight limit on Muni Pier but they have been generous in allowing us to load into Muni Pier this year. However, this will probably be the last year they will allow that. We are working with the Park Service to make sure that we adhere to their rules. The pyro show will occur at 9:30PM and will be simulcast on KISS-FM radio. If budget allows, Ms. Cohen is hoping to place, as she did last year, sound equipment in the area of Fisherman's Wharf, from Aquatic Park to Pier 39 so that the public may enjoy the simulcast. There will be an entertainment stage at the foot of Jefferson Street in Aquatic Park. The entertainment on the stage will begin between 3 to 4PM and continue to approximately 9:15PM. She is working with Hartmann Studios to provide all of the event production needs, i.e. porta-potties, medical, private security, fencing for bicycle parking, etc. The request for street closures is being heard at ISCOTT on Thursday, June 12, 2008.

- The Pier 70 Master Plan Community Workshop is scheduled for Thursday, July 17 at 5:30 p.m. at Pier 1. Port Staff will present Proposed Draft Master Plan for public review and comments. She encouraged people to attend so that we can continue our master planning process.

- Commendation for Karen Bell, Executive Director of the Fisherman's Wharf Community Benefit District, Pansy Tom, Manager of Association Operations for the Fisherman's Wharf Merchant Association, and Captain James Dudley, Captain San Francisco Police Department/Northern Station

The Port is pleased to present a well-deserved commendation for Pansy Tom, manager of Fisherman's Wharf Merchants Association Operations, Karen Bell, Executive Director of the Fisherman's Wharf Community Benefit District and Captain James Dudley from the SF Police Department Central Station.

Susan Reynolds, Deputy Director of Real Estate, indicated that over 14 million visitors come through the Fisherman's Wharf area on an annual basis. This neighborhood is also home to many longtime businesses and residents. In the last several years the community has come together to make this area a better place to work, live and visit for both tourists and local residents. Great strides have been made thanks to the great work of these three individuals.

Captain Dudley, SFPD Central Station: Through his leadership and with his officers from Central Station they have increased patrols in the Fisherman's Wharf area and responded to requests from Port staff to assist with programs such as the Street Performer program. Additionally his open door, accessible management style has improved the neighborhood relationships with the SFPD. Captain Dudley holds periodic meetings to assist business owners and residents to address crime in the area. Central Station staff has also assisted the CBD with Pier Safe exercises that help the community stay current with disaster preparedness.

Karen Bell is the Executive Director of the Fisherman's Wharf Community Benefit District, which covers both Port and City-side property. Key initiatives include Jefferson Street improvements, working in conjunction with City Planning, Pier Safe which addresses community disaster planning and street beautification. Karen has done an exemplary job of bringing many factions together for a better neighborhood.

Pansy Tom is the Manager of Fisherman's Wharf Merchants Association Operations. When you look at all of the events that the Fisherman's Wharf Merchant Association holds on a monthly basis, it would appear that there is a huge staff to assist her, but Pansy is, in fact, the only employee for the organization. She and a huge group of volunteers hold monthly lunches, monthly board meetings and periodic fund raisers to keep the organization vibrant and effective in addressing issues facing the merchants in one of the busiest tourist destinations in the country.

In the short-time we have today there is not enough time to do justice to the value that these three individuals bring to the City, the Port and visitors from around the world. So please join us in thanking and recognizing their efforts so at least they know that their hard work is appreciated.

Karen Bell expressed her appreciation to Port staff. She loves working with the Real Estate division, they have always been responsive every time she calls for anything. The planning division helped them with planning of the signs. Kanya Dorland did so much work on that project for them. Monique is always responsive when they ask her for anything. She thanked the Commission for the acknowledgement and she'll spread it throughout the community.

Pansy Tom indicated that everyone knows that she is a person of very few words. She's honored and humbled for the recognition.

Captain Dudley mentioned that the four beat officers that work full time at Fisherman's Wharf, Bob Marino, Kevin Richards, Tom Costello and Nick Rainsford, deserve a lot of credit for the changes along the Port. We talk an awful lot about city agencies being a big family. The Port is the favorite sister. A lot of people ask them for help but very few meet them halfway and very few say thank you. He thanked the Commission and Port staff for the acknowledgement.

Trevar Booker, Alioto's Restaurant and treasurer of Fisherman's Wharf Merchants Association, indicated that she's been at Fisherman's Wharf for 21 years and she's seen Pansy work with Al Baccari. She's a woman with a few words because she doesn't have time to talk. She's too busy. She's awesome person and she doesn't have any problem with going to Pansy about anything. Without her at the Fisherman's Wharf Merchants Association, they will be totally lost. With Captain Dudley, he attends their meetings. Any problems they have, they go to him and he straightens them out. Since the CBD was formed and Karen Bell has come on board, she is an awesome person. She's always on the next project as she's getting the first project done. She's awesome to the community.

Commissioner Fong congratulated the three honorees. There are other people that are not in the room who work very hard. Steve Wiezbowski from Pier 39 has been at the helm of leadership with the CBD. We have a strong team at the Fisherman's Wharf right now including the Port.

B. Informational presentation regarding the National Flood Insurance Program (NFIP).

Brad Benson, Special Projects Manager, indicated that on October 23, 2007, Port staff briefed the Commission regarding FEMA's preliminary Flood Insurance Rate Map (FIRM) for the first time and it showed quite a few potential flood hazards along Port jurisdiction. The NFIP is a federal flood risk management program. It consists of federally backed insurance product. It's available in communities that have joined the NFIP. There are a series of federal incentives for communities to join the NFIP if they're mapped with flood hazard areas like withholding of federal disaster assistance if you're not a member and maps demonstrating, by FEMA's calculation, flood hazard in local communities. FEMA is in the process of updating the maps for San Francisco bay and chose to map San Francisco for the first time as part of the overall effort. The NFIP shows areas with 1% annual flood risk. It's only looking at current risk. It's not looking at what the future portends for sea level rise. It's a backward looking analysis looking at storm events over the past 100 years. It's used for insurance rating purposes and also as a key for the building restrictions that are required in a local floodplain ordinance. There were some hazard areas on San Francisco's flood insurance rate map. Zone A is coastal flooding area with waves less than 3 feet. Zone V is coastal flooding area with waves in excess of 3 feet. Zone X is minimally flood prone. FEMA showed that all of the piers on the northern waterfront are in Zone V which would have consequences for the future uses of those piers and

didn't account for some of the flood protection for things like the Fisherman's Wharf breakwater. Mission Bay is former bay fill and it's fairly low lying. There are flood areas around Mission Creek that one would expect would get dealt with in future development. The piers are shown in a Zone V. He showed a map of selected Port facilities, their elevation compared to the total water level projected by FEMA and the difference. There are areas like Pier 45 that look like they're below the total water level but that's not assuming the breakwater protection with the Fisherman's Wharf breakwater. In other places like Pier 31, 15, the Ag Building and Pier 48, they are still above the total water level projected by FEMA. If you're building in a flood prone area, you have to elevate to or above the flood elevation. If you are building below the flood elevation, you have to design the structure to resist flood damage. If you're building in a V zone over water, FEMA's rule is that the lowest horizontal member must be at or above the wave height. With respect to the slide that shows the elevations, we're comparing the top of the deck of the pier where the structure sits on top of the deck. We have horizontal members that are lower than that and in some cases are below the total water level. The federal regulations say you can't build seaward of mean high tide in a Zone V, which would be a real problem for the Port's finger piers but there are exceptions in the federal regulations for hardship or historic preservation. We've been negotiating with FEMA about their timeline. They have plans to do additional base study. We felt if they are going to publish a map, they should publish the most accurate map possible. FEMA has agreed to hold off publishing the final FIRM for San Francisco until they complete the other base studies under the following conditions: The city joins the NFIP now and adopts a floodplain management ordinance. The City Administrators' office has been leading that negotiation. That is the direction that the city is headed in. Supervisor Elsbernd will introduce that ordinance today. Port staff had an opportunity to be participants in that drafting process.

With Joanne Sakai's help, we tried to tailor the Port's unique circumstances. In the finding section, we make a finding that the port's finger pier can be saved from flooding. The definitions which are often crucial in legislation are tailored to Port's circumstances. The administration of the ordinance will rest with the City Administrator. He will be the floodplain administrator under the ordinance. The chief harbor engineer is tasked with coming up with building code requirements specific to Port piers. He will bring those recommended requirements to the Port Commission for consideration.

The ordinance includes a robust set of variance procedures. It authorizes a variance for hardship, which is something they've used in Juneau, Alaska for building on piers. It requires the issuance of a variance for historic structures and functionally dependent uses. We are trying to get FEMA to sign off on the ordinance. That would provide a higher level of certainty to our development partners if they knew that these variances are going to be automatically forthcoming. Ed Byrne and his team, in conjunction with the DPW, also took FEMA's map and based on the engineering comments provided by Ed which are an appendix to the staff report. They are highly detailed engineering comments to FEMA's analysis. We mapped the flood prone areas. This map, until FEMA publishes its final map, is the map that would govern local flood plain management ordinance. It still shows a flood risk at Aquatic Park

along the shoreline area. There's a little area next to the Ag Building which is a flood prone area. The flood areas on Mission Bay are not on Port property. The Pier 70 shoreline area has some flood risks but primarily within the BCDC shoreline band. The 1399 Marin Street property is under the Port's jurisdiction is flood prone. It's right next to Islais Creek. There are areas of Pier 94/96 that will remain flood prone. In almost all of those cases, what you would contemplate in those locations is some sort of functionally dependent on maritime use. We have a multi-tiered strategy for dealing with the piers. The sum of Ed Byrne's comments to FEMA in December 2007 was to ask FEMA to remap the piers to Zone X to say they are not flood prone because of the demonstrated elevations and the variance provisions that we've written into the floodplain management ordinance. We want to demonstrate to FEMA that these finger piers, even if they have the lowest horizontal member that is below the total water level that they are still safe from flooding because the structures are on top of the piers. Included in the staff report is Appendix D, an advice letter from FEMA that talks about the ability to build on piers. It references the lowest horizontal member issue. We are in negotiations with FEMA to try and revise that advice for the Port.

Commissioner Lazarus thanked Mr. Benson for his diligence. When it first came up, it looked like it could have been a disaster planning leading to a disaster for some of our properties. Clearly, Mr. Benson has figured out ways to make it workable and sort of not skirt the intent of FEMA.

Mr. Benson indicated that Ed Byrne and his staff did a tremendous amount of work in putting together the comments for all of the structures on the waterfront. He commended the Engineering division for their work.

8. CONSENT

A. Request approval to recommend to the Board of Supervisors to submit to the qualified voters of the City and County of San Francisco at an election to be held on November 4, 2008, a proposal to amend the City Charter by adding B7.310, Pier 70 Maritime District, and B7.320, Agreements with Other City Departments, and amending Section B6.406, Harbor Revenues and Expenditures. (Resolution No. 08-38)

B. Request approval of Fiscal Year 2008-09 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates. (Resolution No. 08-39)

Corinne Woods, Central Waterfront Advisory Committee and working on Pier 70, indicated that the charter amendment is an excellent idea but she does not think it goes quite far enough. One of the things they discovered in Mission Bay is that an interagency cooperation agreement that not only talks about interagency financing but also talks about specific interagency cooperation and deadlines for getting approvals between agencies was very important because everything in Mission Bay is a lot like what is going to happen to Pier 70. With respect to basic infrastructure, you have to go to 7 different agencies to get anything done. We have, originally in the Mayor's Office and now in DPW, an actual Mission Bay project team that coordinates

between city agencies for all the different permits and approvals. That is a specific agreement that she sent Brad Benson a copy of. The Port is part of the interagency cooperation agreement for Mission Bay. It would be very helpful if that could be built into the basic charter amendment so that you don't have to go back later and ask each time that DBI or DPT have to sign off. It takes forever, even in Mission Bay, to get anything done and that's with this mechanism built in. She recommends strongly that the Port expand the charter amendment and make sure that an interagency cooperation agreement is included.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution Nos. 08-38 and 08-39 as adopted.

9. REAL ESTATE

A. Request approval of Memorandum of Understanding No. M-14573 with the Real Estate Division of the General Services Agency for real estate leasing services for a two-year term. (Resolution No. 08-40)

Tina Olson, Deputy Director of Finance and Administration, indicated that 164 of our 588 leases are on holdover status. The Real Estate division focuses its leasing energies and efforts on leasing property that is currently vacant. When leases fall into holdover status, we continue to prioritize leasing the unleased properties first. That leaves us with a lot of holdovers that build over time. We don't have the resources to go after the holdover leases and renegotiate them and lease the vacant properties. We started conversations with the Division of Real Estate which is in the General Services Agency to see if they could give us some staff to help out. We negotiated an MOU where we would pay for the staff direct cost and mandatory fringe benefits. In lieu of paying them an overhead rate, we would give them a share of the additional proceeds that we would earn from these leases. We estimate that to be approximately $2 million a year. The additional 10% would be over a two-year period and it could be up to $200,000. In the MOU, we would pay for one Department of Real Estate employee for six months and one DRE employee for two years. To date, the joint efforts of both the Port staff and the DRE staff brought in $164,000 a month additional revenue from renegotiating these leases which is approximately $1.97 million a year. It's been a beneficial effort for both the Port and DRE. From our experiences, this has been a great collaboration. It's wonderful to have focused staff time on the holdover leases that keeps staff focusing on lease in the vacant land as well as managing our properties. This is a beneficial relationship and agreement.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 08-40 was adopted

10. MARITIME

A. Informational Update on Closure of 2008 Salmon Fishing Season.

Michael Nerney, Maritime Marketing Manager, indicated that at the April 22, 2007 Port Commission meeting, he reported that the Pacific Fisheries Management Council voted to ban all commercial and sport Chinook salmon fishing off the California and the West Coast for this year. This shut down is a devastating blow for the commercial and sport fishermen who stand to lose 70-80 percent of their annual incomes as well as fish processors and related businesses. Last month, the U.S. Congress passed a $300 billion federal farm bill which includes $170 million in disaster assistance for commercial fishermen and businesses affected by the salmon closure. California is expected to receive the majority of this emergency funding as the largest of the West Coast states affected by the closure and it has the greatest impact on our businesses. The California Salmon Council has convened as an advisory board to Governor Arnold Schwarzenegger to set the rules for the disbursement of the disaster-relief funds to the various sectors of the salmon fishing industry throughout the state, including the permit holders (commercial boat owners), sport boat operators, fish processors, gear suppliers, fuel docks, ice-production stations, etc. The next council meeting is June 17, 2008. Actual disbursements to the affected businesses are expected by September 2008. The Port considered adopting a "Berthing Assistance Program" to defer or subsidize port berthing fees for salmon fishermen during the crisis, with the intention of seeking reimbursement for the loss of revenue through the federal grant program. There are 110 fishing boats with permanent berths at Fisherman's Wharf or Hyde Street Harbor, and 52 of these boats are in the salmon fishing fleet. Port staff met in San Francisco to discuss this idea with officials from the Pacific Coast Federation of Fishermen's Associations, and also spoke with the California Salmon Council in Sacramento. These organizations appreciated the Port's willingness to provide aid, but pointed out that the fishermen entitled to disaster relief funds would be paid on the basis of their normal expenses including berthing fees. It was therefore recommended that the Port not proceed with the "Berthing Assistance Program." The Port itself is feeling the effects of the salmon shutdown. In 2005, the last decent salmon season, there were 35-40 transient boats berthed at Fisherman's Wharf and Hyde Street Harbor throughout the four-month season. Dockage income for those boats at today's rates would be approximately $8,000 per month, or $32,000 for the season. This loss of revenue may be recoverable through the federal disaster assistance program. Port staff will investigate and pursue this opportunity.

In November 2007 two dozen fishing boats responded to the call for assistance in cleaning up the Cosco Busan oil spill. California Assembly Bill 2547, introduced in February 2008 by Assembly Member Mark Leno, outlines procedures whereby a business or organization, such as the Crab Boat Owners Association, for example, could apply to the State Administrator for Oil Spill Response to be rated for their oil spill response capabilities. Once certified as an Oil Spill Response Organization (OSRO), that entity would be incorporated into the area response plan and could be relied upon as a resource. In our discussions with the fishing associations, the Port offered to support such an effort by the fishing fleet in various ways, such as by providing meeting rooms, berthing space, and equipment storage.

Port staff is committed to working closely with the Pacific Coast Federation of Fishermen's Associations and the California Salmon Council to help notify Port businesses affected by the salmon season closure about how to apply for emergency relief, once the rules are established. The Port will seek to obtain federal relief to offset our own revenue shortfall due to the lack of transient salmon boats this season. We will also support the fishing fleet organizations in their efforts to become certified as Oil Spill Response Organizations.

Commissioner Hardeman indicated that according to the newspapers, this is a record halibut season for the area and wondered if it was true. Mr. Nerney replied that it is indeed a record halibut season.

Commissioner Hardeman indicated that is very good news. Regarding the salmon report, he was talking to one of the old time fisherman at Fisherman's Wharf and he said something that he has not heard from anyone else. He thinks that there is something, a brackishness or a flora, that the salmon don't like that's in the water but on the other hand, the halibuts like it. He does not believe that all the salmon just disappeared. He thinks there's something that might be attracting the halibut that the salmon don't like. It might not be quite as disastrous if the currents and tides change next year. It might not be as bad as anticipated. He's never heard it or read it any where except from that one old timer. Mr. Nerney replied that Port staff met with the fishing association which represents the salmon fisheries as well as others and has not heard that either. Commissioner Hardeman indicated that he has not heard it either and wondered if there was any validity to his claim. The negative thing about the Congressional Farm Bill which was overridden by Speaker Pelosi to help our local fishermen is the appropriation of the federal disaster assistance funds to very large fisheries that are not as impacted as much as our small fishermen. The large fisheries may end up getting an enormous amount of benefit out of this appropriation instead of our local, smaller fishermen. They tried to adjust it to give the smaller fishermen a bigger share of the pie but they were not able to do so. Somebody might get $100,000 who absolutely does not need it and our folks might get $50,000. Mr. Nerney replied that the Council is meeting next week to set the rules. They will make sure that the small businesses, the boat owners and the fish processors, are able to sustain themselves during this disaster period. Port staff will work closely with them to get the word out to our tenants on how to apply and everybody is aware of it.

B. Request authorization to enter into Non-Exclusive Management Agreement between the Port and Metro Ports, a holding of Nautilus International Holding Corporation, a California Corporation, for management of the Pier 80 Cargo Terminal for a five-year term. (Resolution No. 08-41)

Peter Dailey, Deputy Director of Maritime, indicated that the Port has been in the cargo shipping business since its inception in 1863. The story of our position as a major West Coast cargo hub has been well documented. Geography and limited rail connections have limited our commercial appeal to the world's shipping industry; however, in the past decade, we have transitioned successfully toward a niche cargo market focusing on building materials with operations such as Hanson Pacific and

Cemex. At Pier 80, the Port's main general cargo terminal, the past several years have seen a focus on breakbulk cargo types. Pier 80 is the last bay area neo-bulk cargo terminal and Port marketing staff have targeted imported steel and other building materials for large construction projects such as the Bay Bridge retrofit and Muni light rail expansion. For the better part of a decade, the Port terminal at Pier 80 has not had on-dock rail service. This will be fixed upon the completion of the Illinois Street Bridge project.

In 2006, the Port handled close to 250,000 metric tons of cargo at Pier 80. In 2007, this volume dropped to 180,000. This year, current world macro economic situation has resulted in significant drop in cargo volumes. We are not alone, as reported in the San Francisco Chronicle last week, the Port of Oakland has seen a significant drop in cargo volume. At the Port of Los Angeles, imports are off 7.1%; 10.5% at the Port of Long Beach. NOLO steel imports are down 43%; Tampa 27%.

What caused the slowdown? The housing slowdown, the weak dollar and anemic U.S. economy, as well as skyrocketing fuel costs all are figured to have an impact.

For the better part of the past decade, Marine Terminals Corporation has been hired by the Port to provide stevedoring services at Pier 80. MTC had its origins in San Francisco, however, earlier this year, Marine Terminals Corporation was acquired by the insurance giant AIG, moved their headquarters office from San Francisco to New Jersey and changed their name to Ports America Group. Their primary focus is on containerized cargoes.

On April 1, 2008, the Ports America/Marine Terminals Corporation exercised termination rights under clause 10.2 of their five-year Non-Exclusive Management with the Port. The effective date of the termination is June 30, 2008.

Port staff have been working closely with our two largest steamship customers, Saga Forest Carriers and Star Shipping, both headquartered in Norway to look at the Pier 80 operation. Staff have also met and conferred with the ILWU locals who have jurisdiction at Pier 80. Production levels at the pier have been below industry average and in order to make the facility more competitive, labor has agreed to work with Port staff to attempt to reverse this trend.

Port staff entered into discussions with a number of public stevedore companies to determine interest in the Pier 80 operation. We have narrowed our negotiations to Metro Ports. Metro Ports is the new name of Metropolitan Stevedoring, a wholly-owned subsidiary of Nautilus International Holding Corporation of Wilmington, CA. Metro Ports' sister companies Metro Cruise and Pacific Warehousing currently handle the operations of the Port's Pier 35 cruise ship terminal and Pier 94 Hanson Aggregates Marine terminal, respectively. They do not handle container cargo nor do they operate competing terminals in Northern California.

The Port is in negotiation with Metro Ports to assume management operations at the Pier 80 cargo terminal effective July 1, 2008. The proposed Management Agreement, which is still being negotiated with Metro Ports, contains generally the same terms

and conditions as the current Ports America Agreement, with certain changes outlined in the staff report. The Port and Metro Ports are in general agreement on these terms. Port staff seeks the Port Commission's approval of these terms and conditions, and authorization to enter into a Non-Exclusive Management Agreement on such terms and conditions for the management of the Pier 80 cargo terminal prior to June 30, 2008.

It must be stated, that while we've seen a bit of an up tick in cargo volumes in the past two months, we have projected cargo volumes for the next fiscal year of approximately 100,000 metrics. We estimate that the terminal will require approximately 180,000 to regain profitability. That could equate to a worse case $330,000 subsidy for the next fiscal year. There are ways to mitigate that through use of layberth and laydown space of non-needed parts of the terminal.

He invited Jim Maloney to brief the Commission on the future forecast for cargo volumes at Pier 80 and actions he's recently taken to market the facility in light of a down market.

Jim Maloney, Maritime Marketing Manager, indicated that he came to the Port a year ago to focus primarily on bringing cargo into the Port. Volumes are way down this year and are not expected to rebound until some time next year. It's hard to gauge what the future holds in terms of volumes. We are hopeful that in the first part of next year, volumes will rebound. In the meantime, we are directing our efforts to diversify our cargo mix. Currently, the Port is bringing in almost exclusively steel imports such as coils, rebar, structural steel for the Bay Bridge. Some of the cargo we've traditionally brought in such as lumber and newsprint and boats has almost entirely disappeared not just in San Francisco but nationwide. We believe that the new Illinois Street Intermodal Bridge provides the Port an excellent opportunity to diversify our cargo mix as it gives us direct rail access to Pier 80 for the first time in nearly a decade. The bridge will provide the opportunity to pursue automobile imports and exports and we continue our conversations with Pasha, General Motors and Cal Train. We continue to talk to Cal Train about the tunnel clearance issue. He just recently returned from a breakbulk conference in Europe. It was clear that there are some excellent opportunities for project cargoes especially wind mills, turbines and other large project cargoes. Cargo that does not require direct ship to rail discharge. With the Port's shoreside cranes together with Sheedy Crane, a company located two blocks from Pier 80 that provides heavy lift portable cranes, with the two of them, we can provide the heavy lift necessary to market the Port to some of the heavy lift cargo. With the recommendation of the Port's Maritime Commerce Advisory Committee, maritime staff are commissioning an updated Maritime Cargo and Industrial Land Use Study, which was originally formulated in 2001 and provide a good direction to the Port's cargo marketing efforts. The original report was done by Martin and Associates. This study is to be conducted by CB Richard Ellis and Martin and Associates. This will look at cargo flows into and out of ports throughout the U.S. It will interview carriers and shippers and review the Port of San Francisco's unique strengths to develop recommendations for our future marketing efforts. It will give us a good blueprint of where efforts should be focused in the future. We believe the future of Pier 80 is bright. We are in a bit of downturn now but we believe that with

Metro Ports coming on board and with the recommitment of the longshore union to work together with the Port in partnership to serve the carriers, we believe that we have a bright future if we can get through this current difficult economic cycle.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 08-41 was adopted.

11. NEW BUSINESS / AGENDA SETTING

Ms. Moyer indicated that we have a few items for the July meting although the Taylor Street Roadway Improvement project will slip another month as we continue to meet with the community. That item will be presented in August. We have been working for some time to negotiate something at 360 Jefferson. Staff will make an informational presentation on that item. We are planning to talk about any revisions to our budget made by either the Board of Supervisors or the Mayor which is currently in progress. We expect that it will wrap up in time for the July 8 Commission meeting but technically, the Board of Supervisors does not act until after that. We will calendar the budget item accordingly.

12. PUBLIC COMMENT

Corinne Woods invited the Commission and staff to the Pier 52 boat launch grand opening on June 14.

13. COMMUNICATIONS

14. ADJOURNMENT

ACTION: Commissioner Hardeman moved approval to adjourn the meeting; Commissioner Fong seconded the motion. All of the Commissioners were in favor.

Commission President Brandon adjourned the meeting at 4:36 p.m.

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